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Towards a Late Rentier Structure of Labour Market Governance in the Gulf Cooperation Council: A Comparative Analysis of Saudi Arabia, Kuwait and Qatar

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**Towards a Late Rentier Structure of Labour Market Governance in the Gulf Cooperation
Council: A Comparative Analysis of Saudi Arabia, Kuwait and Qatar**

Sophie Elaine Olver-Ellis

A Thesis Submitted for the degree of Doctor of Philosophy

University of Bath

Department of Social and Policy Science

October 2017

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Dedication

To My Mother and Father

For teaching me to believe in God, in myself and in my dreams

And To Jonathan

For being my constant companion and faithful encourager

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Summary

Throughout the Gulf Cooperation Council (GCC) Member states, a number of significant policy reforms have coincided with significant changes in their socio-economic trajectories. This is especially evident within the employment domain, where a rapidly increasing labour force challenges the capacity of the regions domestic labour markets to provide employment. With increasing unemployment rates, combined with the region's burgeoning young population, of whom some are well educated and seeking first-time employment, strain is placed on labour markets that were traditionally characterised by high levels of inactivity, a low skills base for the native population, the substantial presence of migrant labour and extensive segmentation and inequalities across wage and gender lines. The political implications for the future political stability and regime legitimacy in these states are easy to imagine and the challenges ahead are substantial. Moreover, policies aiming to sustainably increase the capacity of domestic labour markets to provide employment for the national citizenry are currently developed in a context where the Gulf States have to navigate their repositioning in the global economic architecture by diversifying their economies and reorganizing their socio-political formations towards 'late rentier' governance structures.

Against this background, this thesis explores how GCC governments are attempting to transform their rentier based political economies, by comparatively analysing recent labour market reforms in three Gulf states, namely Saudi Arabia, Kuwait and Qatar. A mixed methodological approach has been adopted, whereby through conducting a policy analysis on key labour reforms, namely the Kafala sponsorship system and Nationalisation based policies, alongside elite semi-structured interviews with key stakeholders, this thesis has contributed to the identification of the emerging trends which characterise the post-rentier labour market governance structures in the GCC. Furthermore, due to the different development visions adopted by these three states, this thesis highlights the marked diversity within the regionally adopted policies of the Kafala system and Nationalisation based reforms and, thus, contributes to our understanding of the emerging variety of late rentier political economies in the region and their likely future developmental paths.

List of Abbreviations

BOT:	Build-Operate-Transfer
CCI:	Chamber Of Commerce And Industry
CDM:	Civil Democratic Movement
GCC:	Gulf Cooperation Council
GDP:	Gross Domestic Product
HDI:	Human Development Index
ILO:	International Labour Organisation
IMF:	International Monetary Fund
JCCI:	Jeddah Chamber Of Commerce And Industry
KCCI:	Kuwait Chamber Of Commerce
MEC:	Ministry Of Economy
MEP:	Ministry of Economy And Planning
MoI:	Ministry Of Interior
MoL:	Ministry Of Labour
NHRC:	National Human Rights Committee
QF:	Qatar Foundation
QCCI:	Qatar Chamber Of Commerce
SAGIA:	Saudi Arabian General Investment Authority
UN:	United Nations

Chapter One

Overview of the Research

1.1. Introduction

During the mid-twentieth century, the Arabian Peninsula discovered vast natural resource reserves in the form of gas and oil and through the extraction and exportation of this free gift of nature, the revenue generated rapidly and permanently transformed the political economies of the Gulf Cooperation Council (GCC) member States. The GCC, comprised of Saudi Arabia, Kuwait, Qatar, Oman, Bahrain and the United Arab Emirates all adopted the oil-based development model and in doing so, transformed into rentier state structures (Shah 2008:1). A rentier state is formally defined as a country where natural resource rents dominate the national economy and the wealth is directly accrued from external sources, such as other governments and international actors and the national government is the key recipient (Mahdavy 1970:428-429; Beblawi 1990:85-86). Whilst the formation, function and activity of both the state and non-state actors, such as society and the private sector, is determined by the dominant oil revenue streams which fund their development trajectory and underpins the nature of the national politico-economic structures (Beblawi & Luciani 1987:12). For example, within the rentier state, there is only a small amount of human capital engaged in generating the rent and therefore, the majority of the population are only involved in the distribution and consumption of the oil based revenue (Beblawi 1990:85-86). Due to the natural reserves being so vast, the region has generally succeeded to advance based on the rentier development model, whereby the governments have heavily invested into world leading infrastructural development projects and offering exceptional welfare provisions and guaranteed public sector employment to the national citizenry (Hertog 2012:2).

However, despite the longstanding success of the oil led development model in transforming the political economies of the Arabian Peninsula, in 2011, the region deteriorated into widespread socio-political instability, whereby the national citizenry took to the streets to oppose the longstanding authoritarian rule, pervasive corruption and unequal distribution of oil wealth (El-Katiri et al 2014:4-6). The biggest determinant behind the eruption of socio-political instability, however, surrounded the demand from the national citizenry for better employment opportunities, higher wages and for the government to address the burgeoning national unemployment, especially amongst the youth and female population (El-Katiri et al 2014:4-6). Indeed, these issues which underpinned the Arab Spring were not new, or sudden. Because over the decades, alongside the region's great oil-induced prosperity, the rentier states of the Arabian Peninsula have been subject to a burgeoning unemployment rate, a fluctuating economy which has undergone numerous boom and bust cycles, an absent society within the region's authoritarian based regimes and an extreme and continued dependency on migrant labour. These issues combined, have had damaging effects on the sustainable development of the region and therefore, in the era of low global oil prices, diversifying away from the oil led development model is one of the most critical issues the governments are faced with in the present day. Consequently, as the GCC states are attempting to diversify their socio-economic base through the adoption of a new development agenda, commonly referred to in the region as a National Vision, it is widely predicted that over the twenty first century, the political economies of the Arabian Peninsula will transform further into late rentier structures (Gray 2011:34-36).

Against this background, this thesis explores how GCC governments are attempting to transform their

rentier based political economies, by comparatively exploring recent labour market reforms in Saudi Arabia, Kuwait and Qatar. There is particular focus on the Kafala Sponsorship System and Nationalisation based policies, because through their concurrent application, seek to restructure the labour market between both the public and private sector and the migrant and national population, which is considered to be facilitating the burgeoning unemployment trend which currently characterises the region. Through conducting a policy document analysis and exploring the central themes of this study with stakeholders through semi-structured interviews, the primary empirical data identified the emerging trends that will characterise the late rentier labour market governance structures in the GCC. Furthermore, due to the different development visions adopted by these three states, this thesis highlights the marked diversity within the regionally adopted policies of the Kafala system and Nationalisation based reforms and thus, contributes to our understanding of the emerging variety of late rentier political economies in the region.

1.2. The Purpose and Importance of the Research: Originality and Contribution to Knowledge

The Arabian Peninsula is a region that has undergone near-constant change over the last century, but despite significant transformations to their political economies, has remained vastly under researched (Baldwin-Edwards 2011:1-3). This is particularly the case of the highly socio-politicised issue of labour market governance and the demographic challenges the region faces in the present day (Baldwin-Edwards 2011:1-3). As will be discussed in the methodological focused chapter, this is partly due to the enduring barrier of obtaining access to the relevant organisations, individuals, data and documentation required to produce sound academic explorations. Moreover, the region is also considered to be a geographical research site that is untenable and unstable and when socio-political instability ensues, such as the 2011 Arab Spring, this makes archives, organisations and individuals even more inaccessible and restricted and therefore, significantly undermines the logistics of being able to conduct robust investigations on the area.

In recent years, a limited amount of innovative research has been conducted on the evolving demographic and labour market governance of the GCC and has provided much needed evidence based analysis to the literature. However, despite there being greater impetus and demand for academic based explorations surrounding the demographic debates and unique governance of the labour market adopted by the national polities of the GCC, there continues to be a severe dearth of empirical based studies, official statistics and policy documents which contribute to a sound and comprehensive analysis of the area under investigation (Baldwin-Edwards 2011:4-8). Therefore, this academic study seeks to contribute an original and empirical based narrative to the limited literature.

The significance of this study was also recognised in the initial stages of this research, because when the 2011 Arab Spring erupted, it was continually declared that the majority of the region's citizenry took to the streets demanding greater employment opportunities, higher wages, tighter control of the migrant labour force and for the burgeoning unemployment to be addressed (Hertog 2014a:3). Of which, the labour market policies explored in this study seek to address. Consequently, the subject matter of this study became more pertinent and with the global oil prices drastically declining in recent times, the governance of the labour market and transformation towards a late rentier development model is one of the most critical policy challenges the GCC member states face in the present day (Hertog 2012:2). As a result, throughout academia and the international policy domain, there have been calls for empirical based research on this subject matter, which comprehensively

explores and constructs a narrative of the migration and demographic based issues by connecting the nexus between the labour market structure, legal framework and socio-political formations which are informing the transition towards the late rentier (Gray 2011:36). Therefore, this study seeks to explore these interconnected issues and contribute to the taxonomy that delineates the attributes of the late rentier labour market governance structures emerging in the GCC.

1.3. The Central Research Questions

The central aim of this study is to explore how selected GCC governments are transforming their oil-based political economies into diversified late rentier structures, through the particular lens of labour market governance. Through adopting an empirical and comparative based approach, this study assessed the specific labour market reform policies of the Kafala system and Nationalisation programmes, whilst also referring to the National Visions, which provide the regulatory blueprint of the post-oil dependent agenda of the GCC states. Accordingly, the following five key thematic questions have underpinned the exploration, with the primary objective of delineating the regional similarities but more so, the emerging variety of late rentier political economies in the region and their likely future developmental paths.

- 1) Who are the key stakeholders involved in the policy formulation and implementation process?
- 2) What are the key labour market policies implemented in Saudi Arabia, Kuwait and Qatar?
- 3) Are the selected policies successfully restructuring the labour market towards a ‘Late-Rentier’ structure? If not, what is impeding their implementation?
- 4) How are the labour market reforms contributing towards the late rentier development Visions?
- 5) What are the proposed next steps of the current labour market reforms?

1.4. Key Definitions

The Public Sector: A government dominated arena of publically funded agencies and organisations that provide and deliver welfare programs and services such as healthcare and education (Dube & Danescu 2011:3). In the GCC, the public sector is also a source of socio-political stability and legitimacy, because guaranteed public sector employment is a central component of the largesse rentier social contract that has been the glue between the state and society over the oil development decades (Halaoui et al, 2008).

The Private Sector: Part of the national economic system which is comprised of non-governmental organisations, commercial enterprises, industries and companies run by non-state entities (ILO, 2013; Collins, 2017). Indeed, in the case of the GCC, although there is a ‘private sector’, it is often an arena which is dominated by rent seeking and recycling activities and therefore, is often referred to as being an extension or sub-set of the state (Hertog 2013:3).

The Middle Class: In the context of the GCC, this group comprises of salaried employees in both the public and private sector, such as teachers, healthcare workers and professionals (Zogby, 2007;

Alnuaim, 2013). They are part of the extensive state bureaucracy, because they have been a primary support for the ruling elite due to the largesse social contract, but due to issues such as burgeoning unemployment and calls for political participation, they are emerging into a potential source of political unrest (Alnuaim, 2013).

The Youth: The demographic group comprises of males and females between the ages of 15 and 25 years old and are a critical socio-political and economic force (Burson-Marsteller, 2008; Almunajjed & Sabbagh, 2011).

A Knowledge Based Economy: An economy that is diversifying towards being dependent on information, scientific research, technology, knowledge, innovation and advanced human capital as a main source of economic revenue, all of which, enables the national economy to become part of the global political economy (Powell & Snellman, 2004; Hijazi et al, 2014).

1.5. The Thesis Structure

To comprehensively explore the emerging late rentier labour market governance structures in the GCC, this thesis consists of eight chapters that seek to address the different aspects of the area under investigation. In Chapter One, it provides a brief overview of the thesis's structure and introduces the subject area, with particular focus on why the research conducted in this study is important and contributes a vital and original empirical based narrative to the literature surrounding late rentier structures in the Arabian Peninsula.

In Chapter Two, the theoretical framework of the rentier paradigm is explored and comprehensively addresses how the political economies of the Arabian Peninsula have been constructed and evolved over the oil led development decades (Gray, 2011:1,36). As the Arabian Peninsula is dominated by rentier state structures, understanding the historical rentier nature of these political economies also provides a strong foundation in delineating the deep structural formations that have informed the characteristics and emerging strains of the labour market and employment domain, of which will significantly influence Saudi Arabia's, Kuwait's and Qatar's transition towards a late rentier development trajectory.

In Chapter Three, it seeks to deconstruct the issue by exploring the evolving demographic profile and rentier constructed labour market. It will identify how the region's oil-led development trajectory has created extreme segmentation across both social and economic structures and how the government are having to address a burgeoning unemployment rate, whilst contending with a low- productivity, low-participation, and low-wage economic structure. In conclusion to this chapter, it raises the issue that although the rentier nature of the region's development has generally succeeded, with global oil price volatility and a demographic time bomb which is placing under strain the redistributive welfare mechanisms adopted during the 1970s oil boom era, reform to the rentier political economy is critical. Therefore, the Gulf States are at a complex cross roads and the policy decisions adopted will determine their future stability and role in the globalised world.

In Chapter Four, the methodological approach is discussed, with particular focus on how the comparative case study approach and it's advocated investigatory apparatus of policy document analysis and semi-structured interviews were adopted for this study. There will also be reflective narrative surrounding the process and practice of access, the experience of interviewing in a virtual

space, my differential experience as an ‘insider’ vs an ‘outsider’ in the interviews alongside the ethical considerations that arose whilst attempting to conduct empirical based qualitative research in the Arabian Peninsula, whilst socio-political instability prevailed.

Chapters Five, Six and Seven seek to explore the governance of the labour market and transforming political economy towards the late rentier in the case of Saudi Arabia, Kuwait and Qatar. In each contained case study, a blended narrative is presented throughout, whereby the participants responses will be presented alongside the data and information extracted from the policy document analysis. In the first section, it seeks to delineate who the key stakeholders are in the policy formulation process and will discuss the evolving polity in the governance of the national labour market. In the second section, a comprehensive analysis of the labour market policies is conducted, where the legal framework of the Kafala System and Nationalisation variation of Saudisation, Kuwaitisation and Qatarisation is presented. There will be particular emphasis on their goals, stipulations and implementation mechanisms. In the third section, the policies in practice are explored, whereby there will be particular focus on as to whether these policies have contributed to restructuring the labour market and if not, what has impeded their effective implementation. In conclusion to each chapter, there will be a discussion surrounding the National Visions adopted in each case study country and the proposed future developments of the policies and therefore, conclude how the governance of the labour market will inform the late-rentier structure of the political economies under investigation.

Finally, in Chapter Eight, it will comparatively discuss the emerging trends surrounding the late rentier labour market governance structures in Saudi Arabia, Kuwait and Qatar. There will be particular focus on highlighting the similarities and diverging trends in the national labour market policies and how they have informed the nature of the current labour market landscape and wider political economy. Moreover, the comparative analysis will be situated in the late rentier model and seek to argue that although they have all in some capacity taken on dynamics and features of a late rentier, these states continue to be underpinned by rentierism (Gray 2011:36). This chapter will also offer some personal reflections on the research design and methodological approach adopted for this research and discuss the limitations of this study, whilst highlighting the contributions of this research to the literature.

Chapter Two

The Theoretical Framework of the Rentier: A Literature Review

2.1. Introduction

To identify the emerging late-rentier labour market governance structures in the Arabian Gulf, it is imperative to understand how these political economies under investigation have been constructed over the decades since the defining oil boom era of the 1970's. The deep structural socio-political formations and function of the public and private sector also need to be accounted for, alongside delineating the nexus between actors such as the state, the national and the migrant workforce and their role in the labour market and wider political economy. To analytically observe these central issues that will be explored in this study, they are best understood through the theoretical lens of the 'rentier', because it is within this paradigm that delves into how oil rents have informed the socio-political and economic landscape of oil exporting economies (Gray 2011:37). Furthermore, as this study is focused on exploring the late rentier governance of the labour market in the GCC, a region that is dominated by rentier state structures, then this paradigm provides the most comprehensive and relevant literature for exploring the central themes under investigation.

Within this chapter, the state-centred debates surrounding the rentier paradigm will be discussed, with particular emphasis on how oil wealth dependency has shaped the characteristics of the political economies of the Arabian Gulf. Through understanding the rentier nature of the countries under investigation, especially in regard to their governance and polity systems, this will identify how oil wealth has been collected and distributed amongst the ranks of different socio-political interest groups. The deep structural rentier formations that have shaped the labour market shall also be delineated through the lens of this paradigm, because it is through the distributive based social contract and oil dependent economic structure which has contributed to the strains the national employment domain and wider political economy are currently experiencing (Auty 2001:4-5).

2.2. Defining the Rentier: The Origins of Conceptualising Development on an Unearned Income

The rentier state theory seeks to explain the relationship between the state and society in political economies that generate a large proportion of their revenue from rents, which in this context are defined as royalties and other payments derived from oil and gas exports (Gray 2011:1). According to Losman (2010:427), the term 'rentier' was adopted, because the notion of 'rent' conceptualised the process where landowners rented out their physical estate and no substantial development or improvement to the land was necessary in order to accumulate revenue (Losman, 2010:427). The landowner, therefore, accrued economic rent based on their ownership of the land, rather than their active contribution and productive participation in the development of their property (Losman 2010:427). This perspective was associated to natural resource exporting states, because society at large were not required to participate in the extraction of the natural resources and economic advancement process and therefore, the national development trajectory was based on an externally derived unearned income (Gray 2011:1).

The fundamental characterisation of a rentier state formation is attributed to the original work of Hussein Mahdavy, who is widely accepted as being the first scholar to adopt rentierism as a term and concept in explaining politico-economic activity in pre-revolutionary Iran, when their oil industry and Suez canal were being nationalized (Mahdavy 1970:428-429; Gray 2011:2). This period during 1950 and 1956 was noted as being of historical significance for the modern Middle Eastern political economies, because due to the nationalisation activity sweeping throughout the region, it was observed that the exceptional economic development was not in response to the industrialisation process, but was rooted in the presence of external political pressures (Mahdavy 1970:428-429). For example, due to political changes in Egypt and Iran, this led to natural resource rich states in the Middle East to adopt a more dominant role in their hydrocarbon industries and as a result of this nationalisation process, the majority of revenue created by the oil and gas sector flooded the coffers of the government instead of being directed to private corporations (Mahdavy 1970:428-429). This substantially increased the economic wealth of hydrocarbon rich states and financially aided their development and expanding welfare provisions available to the national citizenry and as a result, the states of the Arabian Gulf had evolved into a rentier political economy (Mahdavy 1970:428). Which according to Mahdavy (1970), is defined as a state that is continually dependent on external rent, which is revenue paid by international actors such as other governments, migrants and international corporations, and funds the national socio-political and economic development (Mahdavy 1970:429). This rent is also to be paid on a regular basis by these actors and is generated and influenced by the demands of the states petroleum industry (Mahdavy 1970:429,450,465). Through this extreme dependency on rents, a country can be categorised as being a complete rentier once it has reached the stage where the oil sector is all encompassing and the dominant revenue stream for the government (Mahdavy 1970:429,450,465).

As rentierism gained currency, Arabian Gulf scholars further sought to explain the political economy of oil based development and so, the conceptual definition broadened to take into account issues such as governance structures, the policy agenda and state-society-nexus (Gray 2011:2). Promulgated by Beblawi and Luciani (1987) and in the later works of Beblawi (1990) it was noted that a rentier state is an allocative based regime and develop off oil rents, which must be from external sources and paid by foreign actors, such as other governing institutions and corporations outside of the national economy and the national government are the key recipient of the external rent (Beblawi 1990:85,86). The function of national socio-political actors was also addressed, whereby there is only a small amount of human capital engaged in generating the rent and thus, the majority of the population are only involved in the distribution and consumption of the oil based revenue (Beblawi 1990:85-87). Resulting from the works of Mahdavy (1970), Beblawi and Luciani (1987) and Beblawi (1990) this provided a comprehensive definition of rentierism and continues to be central to the paradigm in the present day and underpins our understanding of how rentier based political economies are characterised (Gray 2011:5).

2.3. Explaining the Key Definitions

As this study explores the transforming labour market governance structures, it is also pertinent to address what certain terminology means and how it is applied in the context of this study. Within this section, an overview of the key terminology is supplied for reference.

The Public Sector: Is the economic arena whereby the government dominates and controls the publically funded agencies, organisations and entities that provide and deliver public programs and

services such as education and healthcare (Dube & Danescu, 2011). As this sector expands through the creation of agencies and publically owned enterprises, this also causes for the public sector to often overlap with the private and not-for-profit sector (Dube & Danescu, 2011). In the case of the Arabian Gulf, the definition of the public sector can also be extended to be a source of social stability and political legitimacy (Halaoui et al, 2008). Because through the largesse rentier constructed social contract, the public sector is a primary source of employment for the national citizenry and thus, has enabled the government to dominate the economy and adopt a state-led development model (Halaoui et al, 2008).

The Private Sector: Is broadly agreed to be part of a country's economic system and consists of non-governmental organisations, commercial enterprises and companies run by individuals and non-public entities (ILO, 2013; Collins, 2017). Therefore, the majority of the activity of the private sector is not owned or controlled by the government (ILO, 2013; Collins, 2017). However, in the political economies of the Arabian Gulf, although there is in some form a 'private sector' as described, it will be evident in the subsequent chapters that this sector continues to be an arena which is dominated by rent recycling activities and thus, is often argued to be a sub-set and extension of the state's activities (Hertog 2013: 3). Traditionally, it has also been a structurally isolated entity, because the private sector enterprises have provided no tax revenue to the state, has had a limited role in the employment of the national citizenry and offered limited investment opportunities (Hertog 2013:3).

The Middle Class: Across the Arabian Gulf, the historically embedded tribal traditions and rentier structure that permeates throughout the regions political economies has created a complex picture of how social classes are characterised and understood (Zogby 2007:33). However, with economic growth, urbanisation and the maturity of the ruling bureaucracies, this has caused for a middle class to emerge and rapidly expand into a prominent social group who holds greater socio-political and economic leverage (Zogby, 2007; Alnuaim, 2013). Within this study, the middle class can be defined as salaried employees in either the public or private sector and hold positions such as teachers, office and healthcare workers, salespeople and professionals (Zogby, 2007; Alnuaim, 2013). In the Arabian Gulf, the middle class have emerged through the state patronage system and therefore, are largely part of the expansive state bureaucracy and public sector workforce, whilst a smaller percentage are part of the private sector (Zogby, 2007; Alnuaim, 2013).

The Youth: Is referred to as being the demographic group between the ages of 15 and 25 years old and in the context of the Arabian Gulf, are emerging into a critical socio-political and economic force who will significantly inform the transformation towards the late rentier political economy over the 21st century (Burson-Marsteller, 2008; Almunajjed & Sabbagh, 2011).

A Knowledge Based Economy: Describes the transformation of an economy that is diversifying towards a greater dependence on information, advanced human capital, knowledge and innovation (OECD, 2005; Hijazi et al, 2014). Through adopting a system of production and consumption based on knowledge-intensive activities, the economic agenda and development of the national political economy is determined therefore, by advancing the intellectual capabilities of economic actors and the workforce, instead of the continued dependence on natural resources such as the oil and gas sector (Powell & Snellman, 2004; Hijazi et al, 2014). In the knowledge-based economy, the services,

industrial expansion into technical and scientific fields and products provided by private and public sector actors are rooted in economic innovation and contributes to the wider national economy becoming interconnected and part of the globalised political economy (Powell & Snellman, 2004; Hijazi et al, 2014).

2.4. Deconstructing the Political Economy of Rentierism

As sociological and political scholars focused their attention on the transforming political economies of rentier based states over the oil boom decades, the state-centred stream of the rentier paradigm sought to explore the implications of rentierism on state-society relations and how the political elite acquired and maintained their legitimacy. The national governance systems were also explored and predictions were made regarding the political inertia amongst both the state and society, especially in the context of the hydrocarbon-rich Arabian Gulf states (Schmid & Ozyavuz 2015:4). Another prominent area of investigation was to deconstruct the regime structure and stability of the ruling political power and the prevailing policy agenda that dominated the different rentier state formations (Gray 2011:5). Questions also arose as to why oil-revenue exacerbated governments to be ineffective in managing their socio-economic affairs and why oil wealth generally failed in contributing to the creation of a new highly educated middle class, who would demand socio-political freedoms and democracy as assumed by the modernization theory (Gray 2011:5).

As the paradigm delved more into the institutional effects of hydrocarbon based development, oil rent was widely viewed as the motor behind the emergence of certain dominant political systems and its social redistribution mechanisms (Schmid & Ozyavuz 2015:4). For example, the main debates surrounding the politics associated to the rentier was the notion that oil revenues eroded the formation and onset of democratic rule and facilitated the construction and entrenchment of autocratic regime structures (Brynen et al 2013:193). Whilst in the particular case of the Arabian Gulf, the rentier theory sought to explain the longevity of the family-based rule which prevailed throughout the region and why their increasing wealth did not bring democracy, as predicted and declared by modernization theorists (Krane 2014:42). Rentier political economists also concentrated their observations on correlating the Arabian Gulf's monarchical longevity with their externally derived revenue, such as oil rent as the primary determinant behind their continued politically powerful position, instead of other cultural based explanations such as religion and tribalism, which underpinned the previously-popular paradigm of oriental despotism (Brynen et al 2013:193). As will be discussed in the subsequent sections, despite the different state-centered perspectives of the paradigm, the core argument has been that rentier based political economies are often trapped by their effortless wealth and as a result of having no incentive to socio-economically improve, they are politically impeded (Schmid & Ozyayuz, 2015:4). Therefore, oil rent has been presented as being a socio-political curse, because it stunted sustainable development, enhanced political apathy and contributed to the democratic deficit that we see in the Arabian Gulf in the present day (Schmid & Ozyavuz 2015:4). Furthermore, although there are critiques to the classical and secondary stage of the theory, of which will be discussed, the central debates made continue to retain its validity in explaining the state-society nexus and is robust in its prediction of regime activity and behaviour, especially in the case of the extreme rentier states of the Arabian Gulf (Gray 2011:36).

2.4.1. The Rentier State: The Debate of Autonomy

A critical tenet of the classical rentier theory was a parsimonious depiction of a new state-society formation, whereby the state was politically autonomous from the national citizenry and society it governed (Krane 2014:43). The main premise that underpinned this evaluation was that through oil rents, the initial state-building process was dominated by the influence and agenda of the ruling elite, who constructed the political institution in their favour and was able to do so, because they distributed exceptional welfare provisions and subsidies to the national citizenry (Gray 2011:6). Thus, society at large had little to no consultation regarding the institutional framework that sought to govern them, because they were not a source of revenue for the government, who developed the national political economy off of oil rents (Schmid & Ozyavuz 2015:6,9). This observation was based on the essential work of Beblawi and Luciani, who argued that an autocratic regime was a direct result of the oil phenomenon, because prior to oil, the state structure and the political elites survival in the Arabian Gulf was dependent on British support and subsidies (Beblawi & Luciani 1987:7-8). But once oil was found and exported, this according to Luciani (1987:72-73), drastically and rapidly changed the picture. This is because oil wealth was distributed amongst territories that were emerging from colonial rule and in the case of the states that were still under a colonial administration, they finally had the financial capability to gain their independence and consequently, the British exited the region at the beginning of the 1970s (Crystal 1990:6,11). Therefore, oil rents reformulated the political structure and created a political economy that was built and dependent on oil rents (Crystal 1990:6,11).

According to many scholars of the classical rentier theory, resulting from the sudden windfall in oil wealth, this exacerbated the pre-existing patronage systems that prevailed throughout the Arabian Gulf, because the politico-economic power that was created by oil rents favored the ruling families (Crystal 1990:6,11; Krane 2014:43). For example, the political elite, many of whom were members of the original ruling families prior to the discovery of oil, were delegated the economic means and political authority to control different facets of the state through the establishment of different government ministries and agencies (Krane 2014:43). Whilst those who held a political role in the regions pre-oil society but were not part of the ruling family, such as tribal sheikhs and merchants, they had their political power replaced with an economic share in the oil generated wealth and were shown favor by the ruling families through exclusive mechanisms such as import licenses and partnerships with international businesses (Gause 1994:80). The political elite was also able to purchase support from society through the adoption of a largesse social contract and in doing so, strengthened their political position into a more centralized and autocratic governance regime (Crystal 1990:6,11). The rentier state therefore, rapidly evolved into an autonomous, unplanned and extensive institution based on patrimonial networks (Gray 2011:7).

Within the classical rentier literature and indeed in the later revisions of the theory, many scholars linked oil rent to the sociological based theory of neo-patrimonialism as a partial explanation as to why rentier states had an inefficient socio-economic environment (Gray 2011:7; Schmid & Ozyavuz 2015:9). Similar to the argument made in the rentier theory, in the institutional framework of a neo-patrimonial state, there is a specific style of leadership, whereby at the core of the elite web is a sovereign actor, either a monarch or president, and a group of subordinate elite actors who socio-politically support the leader (Schmid & Ozyavuz 2015:9). In regards to the leader of the neo-patrimonial state, they often adopt a public image that presents them as being strong, charismatic and popular amongst society (Gray 2011:7). They also create and maintain relations with the elite in a personal and opaque manner and thus, the political process becomes an informal based activity (Gray

2011:7). Accordingly, the role of the elite is to essentially act as a source of competition, whereby they seek to negotiate and make agreements with other elite stakeholders and through the creation of these networks, they not only sustain the political regime and reinforce the traditional arrangements of privilege, but it also creates new socio-political dynamics amongst key stakeholders who seek out benefits afforded to them through their position in the generation and management of oil rents (Schmid & Ozyavuz 2015:9). For the political elite to cement their rule over society and maintain their powerful position, the neo-patrimonial state also adopts the distributive based social contract, whereby the national citizenry receive exceptional welfare provisions, free education and guaranteed public sector employment (Gray 2011:7). Resulting from this socio-political arrangement, oil rents are thus used as a mechanism to inhibit the rise of any potential opposition to the regime but more critically, as a substitute for political legitimacy gained through an electoral based mandate (Bill & Springborg 1990:152-153,161; Schmid & Ozyavuz 2015:9).

Alongside exploring the political structure of the autocratic state, the classical rentier literature also delved further into investigating the influence of oil rent on the autonomous policy making process and how it informed the development strategies and economic agenda, or more so lack of, within the rentier state (Gray 2011:7). Within this tenet of the paradigm, the principle argument was that rents accrued from the oil industry in particular skewed long term institutional development, as the 'unearned' revenue weakened the states capacity to effectively manage the challenges associated to petroleum induced development (Schmid & Ozyavuz 2015:9). According to Mahdavy (1970:436-8), oil rents enabled the state officials to become complacent, because they had the economic means to readily develop their country without designing and implementing comprehensive economic policies and through being unreasonably optimistic about their future growth in oil revenues, the state became myopic in their national development agenda. As a result, the autocratic rentier state invested a larger amount of oil revenue into the preservation of the status quo, instead of investing into sustainable development and diversification based projects that benefited the country's future advancement (Mahdavy 1970:436-8). Whilst due to the readily available oil revenue, there was also little motivation and need for the state to invest into the national economy and implement economic policies which support businesses to actively participate in the development of the non-rent industrial sectors (Gray 2011:8).

Given that the state was politically and economically autonomous from both society and the limited strength of the non-rent economic sectors, Luciani (1990:76) further argued that the rentier state did not even need to formulate a domestic economic policy, because in order for the political elite to maintain their powerful position, they only needed to adopt an expenditure based policy. Accordingly, the social contract with the national citizenry consisted of guaranteed employment in the well-paying public sector, exceptional welfare provisions, free education and healthcare (Gray 2011:8). Critically, there was also no taxation-based mechanism with society or private sector actors and in doing so, further inhibited non-rent based development (Luciani 1990:76;). As a result, corruption, misallocation of wealth and institutional inefficiency was deemed of little concern for the national population, because their socio-economic needs were met by the state (Gray 2011:8). The allocative-based agenda was also deemed more critical than a socially engaged economic policy, because although the state could attract opposition and criticism, any economic failings would have had little socio-political damage to the state because of their redistributive function (Luciani 1990:76; Gray 2011:8).

Therefore, in the classical literature, the main characterisation of the autocratic rentier state was that through their dependence on an unearned income, it resulted in a lack of accountability and

responsiveness from the political elite, who built their own patron-client networks across social entities and political institutions and used this system as a medium to distribute rents and political privileges to various influential socio-political actors (Moore 1998:85; Krane 2014:43). This system also encouraged rent seeking behavior, whereby socio-political actors sought to increase their own wealth and power by gaining access and control over oil rents through both legal and illegal means and thus, ensuring that their politically and economically motivated requests and favors are circulated amongst the sovereign and higher ranks of the political and economic elite (Gray 2011:7). Whilst society was restricted in their socio-political participation, of which was replaced with more economic lucrative opportunities available through rent-seeking and thus, society were largely loyal to the regime that governed them (Luciani 1987:74; Moore 1998: 85;). Resulting from these combined dynamics, this led to the national political economies of rentier states to have strongly entrenched patrimonial structures and the blurring and distortion of private and public spheres, which is particularly evident in the national labour markets in the present day (Bill & Springborg 1990:152; Gray 2011:7; Ross 2012:325,242).

This characterisation of a rentier state in the classical literature has held validity in explaining the early linkages and dynamics between oil rents and authoritarianism, underdevelopment and has continued to hold merit in its argument that neo-patrimonial dynamics are a central feature of the political economies of the Arabian Gulf (Gray 2011:9). Indeed, many scholars have declared the earlier rentier works as being unsophisticated, oversimplified and inadequate, especially in explaining the oil development decades of the 1990s onwards (Gray 2011:9; Krane 2014:47). According to Moore (2004), the classical explanation was excessively reliant on economic factors and failed to take into account historical and cultural dynamics of the oil dependent political economies. Whilst other scholars argued that because of rapid population growth, the pace of development and emerging state capitalism that started to transpire in the 1990s, the conclusions of the classical rentier were too simplistic in explaining the new politico-economic dynamics and complexity of the Arabian Gulf's states and societies (Schlumberger 2008:622-625; Bremmer 2009:40,55). More crucially, scholars started to question and even repudiated the claim that the rentier state was completely autonomous from society, because if the state was truly independent under a rentier state structure, there should be no responsiveness from the government to its national citizenry (Gray 2011:8-10; Krane 2014:47).

Indeed, in the rentier states of the Arabian Gulf, since the 1990s especially, there has been varied levels of responsiveness from the political elite, who have engaged in reactionary policy-making in response to socio-political instability (Gray 2011:8; Krane 2014:47). As a result, the second wave of the rentier literature sought to argue that although the state could stay aloof from acting upon the interests of society, they could never truly buy their independence with oil rents and therefore, the rentier state has never been completely autonomous from society as previously claimed (Gray 2011:8; Krane 2014:47). This is because the threat of socio-political instability and revolution has never been fully removed, whereby the ruling elite can be internally challenged by the interests of other actors in the state structure, but more crucially, society will defend their interests and demand for greater socio-economic opportunities and political representation, of which we see in the present day (Niblock & Malik 2007:12,19; Foley 2010:4-5).

In the secondary rentier literature of the 1990s and 2000's that sought to discuss state autonomy, there are two broad classifications of debates. Firstly, the 'specialized' theory focuses on the historical dynamics as part of their analysis and is widely regarded as being a convincing approach to overcoming the theoretical shortfall of the classical theory (Gray 2011:12-13). Because critics of the classical literature noted that historical events and the unique social conditions of the state were

ignored and this led to generalized conclusions (Moore 1998:85-87; Gray 2011:12-13). This stream of literature argued that the state may be rentier and be unaccountable to society, but these state-society dynamics did not suddenly emerge when oil began to flow but instead, were part of the pre-rent political economy and therefore, needed to be accounted for in analysing the post-rent political order (Schwarz 2008:599). The case of Saudi Arabia is drawn upon to support this 'specialized' tenet, because the Kingdom was essentially a rentier state long before oil rents began to flood the coffers of the political regime (Crystal 1990:18-26; Chaudhry 1997:46-50). Because the ruling Al-Saud family were reliant on rents from pilgrimage and trade and thus, allowed the rulers to extract far less tax based revenue from the population (Foley 2010:23-24). Whilst in the early years of the Kingdom, the relationship between the ruling elite and merchants was underpinned by a symbiotic financial interaction, whereby the state relied on the business class to create revenue and trade, who were then given broader freedoms, business opportunities and privileges, of which are still in place today (Al-Rasheed 2010:83-86). Therefore, when exploring the rentier state, it is essential to take into account the pre-rentier dynamics, because as will be evident in the empirical chapters, they do inform how socio-economic actors, such as the state and the merchant elite, interact and what roles they are expected to play in the development and diversification of their country.

There is also a 'conditional' stream to the secondary literature, which sought to take into account the structural weaknesses and generalisations made in the classical works. There is particular focus on the issue of state autonomy, or more so, the fact that the rentier state is never completely autonomous from society (Gray 2011:14). As previously noted, there is always a threat of socio-political opposition and therefore, the state need to be responsive in some form and thus, cannot simply repress society as previously predicted (Jones 2010:5-6; Gray 2011:14). Again, Saudi Arabia is drawn upon to support this tenet, because although they have held a comparative amount of freedom from socio-political interest groups and have been able to proceed with their own economic and development policies, they have adopted strategies that reinforce their legitimacy amongst society and therefore, represents that the rentier Saudi state is aware that they must be socio-economically responsive to the national citizenry (Jones 2010:5-6). This is further supported by evidence derived from the smaller Arabian Gulf States, such as Dubai and Qatar, whereby they have strategically adopted ambitious economic diversification and development plans that will open up their political economy to globalisation and adopt measures such as new educational and business opportunities available to both the citizenry and migrant population (Gray 2011:14). Although regime sustainability is at the core of these new development strategies, as will be evident in the empirical chapters, these reforms are far more responsive and forward looking than the classical rentier literature would have predicted or even allowed (Jones 2010:5-6). The reason is because these states are not completely autonomous from the society they govern, but instead are embedded in the political economy and thus, rentierism is a dynamic of state-society relations (Gray 2011:14). Indeed, as promulgated by the earlier classical literature, these states can avoid democratization and even avoid direct accountability to the citizenry, but for its long-term survival, they must be responsive to the socio-economic requirements of society (Gray 2011:14).

Numerous second phase scholars have also adopted the rentier framework as a central component of their work, but have treated rentierism as a dynamic of the political economy and thus, have avoided making it a comprehensive explanation for the entire political structure and state-society nexus (Gray 2011:16-18). This is the basis of late rentierism and will be explored in greater detail in section 2.5, but through alleviating the rentier theory from having to be an all-encompassing explanation for the complete political system, it allows the theory to be better utilised in explaining certain aspects of how the political system operates in the Arabian Gulf (Gray 2011:16-18). For example, in the work of

Steffan Hertog (2010a), he explores the political economy of Saudi Arabia and although the rentier theory was a central explanation, he developed and refined the theory and applied it in a way that highlighted how rentier dynamics vary across state institutions and fragments across the state apparatus and thus, rentierism is treated as a multifaceted phenomenon which interacts with state and society on multiple levels (Hertog 2010a:11; Gray 2011:16-18). Evidently, rentierism and the central components of the theory still hold currency in explaining the political economies of the Arabian Gulf, but as will be discussed in section 2.5, the socio-political and economic characteristics of these states have changed and therefore, must be accounted for (Aarts & Nonneman 2005:437-440). Indeed, before exploring the tenets of late rentierism, it is important to discuss another stream of literature which emerged at the same time as the debates surrounding state autonomy, which is why in the Arabian Gulf rentier states is there a deficit of democratic rule?

2.4.2. The Politics of Taxation: From Democracy to Autocracy

One defining feature of a ruling government is its capacity to raise revenues, because whether it is a strong or weak state, an extractive democracy or distributive autocracy, its survival ultimately depends on its balance sheet (Baskaran 2013:2). According to Schumpeter (1991:101), public finances are more than just an economic phenomenon, they are also essential determinants behind the development of society and the political arena and thus, the composition of public revenues has a decisive influence on the national politico-economic structure. Therefore, in attempting to explain the democracy deficit in the Arabian Gulf, the literature turned to examine the hypothesis, does taxation lead to representation and is it the main catalyzer behind a democratic regime?

According to Herb (2009:275,295) and Gray (2011:11), the classical literature failed to explain the variations in political activism in the Arabian Gulf, but more critically, avoided to recognise as to why Kuwait had an activist parliament, whilst Saudi Arabia and the UAE had an absence of any democratic institutions. The basic argument proposed by the earlier literature was the simple assertion that there was some correlation between oil rent dependency and the absence of democracy, but these dynamics were often reduced to being subservient features to the wider rentier debates (Gray 2011:11). However, between the 1970s and 2000's, a lot had changed to the political economies and how the state and society interacted. For example, during the 2000s oil boom period, the political elite spent their oil windfall more transparently and responsive to the needs of society, in comparison to the 1970s boom period where oil rents were used to flood the coffers of the state and patrimonial networks of the ruling elite (Maloney 2008:129,150). The original works of the paradigm, therefore, was weak in explaining these politico-economic transformations taking place (Gray 2011:11). In the later rentier literature of the 1990s, however, alongside the debates of state autonomy as previously discussed, it coincided with the increasing scholarly focus on democratization and wider political economy debates surrounding the state-society nexus and the interplay of taxation as a determinant behind representation (Moore 2004:5).

Universally, a democratic regime is regarded to be the golden boon behind social, economic and political advancement (Ahmed 2010:97). According to Schmitter and Karl (1996:50), the modern day democracy can be defined as a governance system, where elected rulers are held accountable for their socio-economic and political actions in the public sphere by the national citizenry. Central to the establishment of a democratic regime and representative institution is widely considered to be through the process of taxation, whereby economic revenue is extracted from society and transforms into representation in the political domain and makes the government accountable to the electorate

(Baskaran 2013:2,3). This proposition that taxation is the dominant catalyst behind democratization and the creation of representative institutions has strong historical precedents, especially in the context of Western Europe.

For example, since the fourteenth century there have been several occasions whereby autocratic leaders sought to increase taxation from the national citizenry and in doing so, resulted in a revolution that transformed the government towards a more accountable democratic structure and therefore, taxation was deemed a fundamental component in the state-building process (Baskaran 2013:2). According to Schumpeter (1954:7), the case of the Austrian principalities is a prime example, because due to the rising cost of war and continued conflicts in the territories throughout the fourteenth to the sixteenth century, the ruling princes went into substantial debt. So they called upon society to pay more taxes and in return, the citizenry were eventually able to hold the ruling elite to account and inform how their money was spent (Ross 2004:230). This, according to Schumpeter (1954:7), was the beginning of the modern state in Western Europe and was the catalyst behind the incorporation of a representative governmental institution. Whilst in another supporting case, many English history scholars have noted the Crowns need for revenues, especially during the thirteenth, fourteenth and seventeenth century, whereby the King sought to expand his taxation privileges, whilst seeking to establish the Kingdom as an absolute monarchy (Ross 2004:231; Baskaran 2013:2). Society rebelled and as a result, parliament gained the right to legislate and guide policy choices and therefore, laid the foundation of the representative government the country has today (Ross 2004:231; Baskaran 2013:2). The American Revolution is also another example where society reprimanded the government on the fact that there would be no taxation without representation (Ross 2004:231; Baskaran 2013:2). Through these historical events, this made many scholars conclude that in the end, it was representative institutions and not absolute monarchies that were better placed to extract tax based revenue from society and therefore, forced the powerful ruling elites to transform the governments into becoming more democratic and accountable to the national population which are funding them (Ross 2004:231; Baskaran 2013:2).

In the present day, taxation based states continue to be characterised with a democratic governmental regime and through this extraction mechanism, has advanced and affected the states development in two ways. Firstly, through the taxation process, this creates a social contract that strengthens the nexus between the government and society, because through the population paying taxes, they expect in return the government to provide and fund the development of public welfare provisions whilst also being representative of the wider population (Ross 2004:231; Baskaran 2013:2). This in turn reinforces the onset of the second taxation effect, which is where the states capacity and administrative ability are expected to expand and adapt their revenue-generating activities in response to the requirements of the society (Ahmed 2010:97). Resulting from these two taxation effects, this contributes to the creation of socio-political incentives for both the state and society and through establishing a fiscal contract, this puts in place obligatory commitments which need to be adhered to by both entities (Ross 2004:231; Baskaran 2013:2). For example, as the society are required to pay taxes, they will focus more on the fiscal policies adopted by the state and will therefore, have a greater interest and expectation about where the states revenue expenditure should be allocated to, especially in regards to the state's welfare provisions (Ross 2004:231; Baskaran 2013:2). Whilst in regards to the governments themselves, they should take a greater interest in developing a good governance regime that is accountable and representative to the wider society (Ahmed 2010:97). As the state base their development on extracting revenues from the society, the state should also in theory value the revenue contributions made from the population and will thus, invest into areas that reflect the demands of the taxpayers (Ahmed 2010:97).

Another significant influence on the emergence of a good governance regime that generates social consensus on national policies is based on the fact that through extracting revenue from society, there is a negative socio-political cost associated to the government's failure in providing sustainable state spending and efficient governance (Tilly 2009:180). For example, in the instances where the governments fail to deliver adequate outcomes from the development policies which they adopt, the citizens can, and will often, demand political reforms in order for their national socio-economic progression and thus, can often lead to the change of the political party in power (Ross 2004:231-238). Therefore, as taxation implies a noticeable economic transfer from the citizenry to the state, the government in turn must offer society a representative voice in the political and policy-making domain (Baskaran 2013:2). Furthermore, many scholars have concluded that once society is exposed to the direct financial burden of taxation imposed by the state, they are less likely to accept an unaccountable autocratic government and thus, demand for a democratic regime where accountability and responsiveness to the socio-economic and political demands of society are amongst its core principles (Tilly 2009:180; Baskaran 2013:2).

Conversely, in a study conducted by Ross (2004:229,247), where he tested pooled time-series cross-national data derived from 113 countries over the course of 1971 and 1997, he concluded that there was no direct evidence to support the hypothesis that taxation is the direct catalyst that leads to democratization. Because through taxation, the revenue is often used to fund the expansion and improvement of government services such as healthcare, education and social welfare provisions and thus, the national citizenry are often the largest beneficiaries of the taxation process (Ross 2004:247). Instead, he suggests that the rising price of government services and subsequent increased taxation, or a constant taxation level but with government service cuts, is more directly associated to the democratization process (Ross 2004:229,247). Resulting from this study, he concluded that citizens do not generally dissent against taxation without representation, but they do appear to oppose against taxation without adequate and commensurable government services in return (Ross 2004:229,247). Accordingly, when the prices of government provided services increase, autocratic regimes are forced to become more accountable to the national citizenry at large (Ross 2004:229,247).

Although there are debates surrounding as to whether taxation is the main catalyst behind democratization, the democratic governance regime is universally accepted as being the most suited to successfully achieving long-term socio-economic advancement of a country (Ahmed 2010:95; Baskaran 2013:2). The democratically elected rulers who depend on tax based revenues are also regarded to rule differently to those who accrue their wealth on the exploitation of their natural resources (Ahmed 2010:95; Baskaran 2013:2). Therefore, through many political scholars attributing the institutional development of early modern Europe and colonial America on the taxation-democratization hypothesis, it has deeply influenced how political scientists, economic historians and sociologists view state building, even in non-western states such as the Arabian Gulf (Ahmed 2010:99; Ross 2004:230).

In shifting the focus towards the Arabian Gulf, the taxation hypothesis has been applied to the exploration as to why there is a democracy deficit, but more so, why there is a prevalence of autocratic rule (Schmid & Ozyavuz 2015:9). Throughout the literature, it is widely regarded that oil has some odd socio-political properties and one such issue is related to the fact that if a country's economic development is rooted in natural resource rents, then the political economy takes on a different profile and dynamic than states which are ruled by a democratic regime (Ahmed 2010:95; Baskaran 2013:2). Because through the state being financially independent, the political elite has not needed to resort to mechanisms such as taxation to fund the national development agenda over the oil

development decades and thus, has significantly informed the state-society nexus (Ahmed 2010:99). More specifically, through the absence of extracting mechanisms such as taxation, this has liberated the government of their obligations towards the national citizenry and are able to evade accountability and representation, of which is in stark contrast to the core principles of democracy (Ahmed 2010:99; Schmid & Ozyavuz 2015:9).

In the later classical rentier works that explore this issue, a central argument has been that substantial oil wealth has been a hindrance to democratization, because as the governments are essentially self-supported through oil rents, they have not had to extract taxes from society (Ahmed 2010:99; Schmid & Ozyavuz 2015:9). Instead, they use their substantial oil revenues to suppress social opposition by providing exceptional welfare provisions and through rents allowing the state to in effect 'purchase consent' from the citizenry, this has facilitated the rentier states of the Arabian Gulf to lack accountability to those who they govern (Ahmed 2010:103). Accordingly, many scholars have declared that the oil-dependent political economies of the GCC are an infertile environment for democratic rule, because oil rents has strengthened the authoritarian governmental regimes, where corrupt rent seeking activities prevail across all sections of the socio-political landscape (Ahmed 2010:103; Gray 2011:8-9).

In exploring the political effects of oil rent dependency on the government regime, a time-series data analysis conducted by Ross (2001) identified three issues that are counterproductive to democratic rule and explains as to why the Arabian Gulf is dominated by autocracies (Ross 2001:325; Ahmed 2010:98; Gray 2011:8-9). The first 'rentier' effect, is where there is low or no extraction of taxation from society and as a result, the state are essentially able to buy off socio-political opposition but more so, purchase political acquiescence from the national citizenry through distributing oil rents (Ross 2001:328; Ahmed 2010:98). The state is also able to avoid accountability by expanding their patronage networks with the socio-political elite (Ross 2001:328; Gray 2011:8-9). The second 'repression effect' further identifies how oil wealth has assisted the state to purchase repressive apparatus which impede the onset of democratisation, especially during times of socio-political instability, whereby the state rolls out more oil funded welfare provisions in return for society's appeasement (Ross 2001:328; Ahmed 2010:98). Whilst the third 'modernization effect' explains that oil rent dependency has caused socio-political stagnation in these political economies and as a result, have impeded society for example, to engage in political activities and access a representative platform which enable them to oppose the state and thus, bring about democratic reform (Ross 2001:328; Ahmed 2010:98).

However, this study by Ross (2001) has been widely criticised for using skewed data and although it had some credibility in explaining the nexus between oil and autocratic rule and was in line with the orthodoxy of the classical rentier paradigm at the time, it remained unsophisticated and inadequate in explaining the broader politico-economic ramifications of oil rent dependency (Gray 2011:8-10). It also failed to take into account the changing politico-economic dynamics of the rentier states of the Arabian Gulf since early 2000's and as will be discussed in section 2.5, it will justify as to why the late rentier model is required. Through exploring the politics of taxation, it has explained as to why rentierism has created states that are autocratic, because through separating the state and society both politically and economically, this has broken the bond of accountability and representation (Ahmed 2010:99; Schmid & Ozyavuz 2015:9). Indeed, as will be argued in section 2.5 and in the empirical chapters, these states can avoid democratization and although they may not adopt taxation based mechanisms to fund their new development agenda, they still need to be responsive to society if they want to maintain their ultimate rule (Gray 2011:23).

2.4.3. The Rentier Citizen: The Social Contract and the Culture of Oil

In the early works of the rentier theory, it ultimately offered a general explanation of the political inertia that prevailed throughout the Arabian Gulf (Schmid & Ozyavuz 2015:9). As previously discussed, the rentier state was viewed as an autonomous entity that bolstered their powerful position through constructing patrimonial relationships with other influential socio-political actors. As a result, the dominant lens of exploration surrounded the autonomy and democracy deficit that characterised the rentier states, especially in the case of the Arabian Gulf. However, as the effects of oil-based development on the political economy had greater academic focus in the 1990s and 2000s, the literature began to address the culture and socio-political implications of oil rent dependency on society. According to Mahdavy (1970), there was a noticeable absence of concern from the rentier state regarding the lack of economic participation and educational underperformance of the national citizenry. Through comparing the widening development gaps between oil-abundant and oil-poor countries, he argued that this issue would have been alarming for the resource-poor government, who would need to adopt emergency policy measures to alter this burgeoning challenge to the sustainable development of the country (Mahdavy 1970:429; Krane 2014:43). Whilst in the rentier state, due to the readily available income derived from oil exports, the urgency of altering the economic participation and education attainment level of the national citizenry was lacking and thus, the negative politico-economic attributes of rentierism also coincided with a more serious issue, the socio-political inertia and stagnation of the national citizenry (Mahdavy 1970: 436-8; Krane 2014:43). Accordingly, the role and characteristics of the rentier citizen came into focus and as a result, the neoliberal notion of the culture of oil emerged (Ayubi 1995:167; Ross 2001:348-349).

In exploring the culture of oil and the nature of the rentier citizen, scholars declared that the distributive based politics adopted by rentier states rapidly engendered growing socio-economic expectations from society (Ayubi 1995:167). More specifically, rentierism and the social contract produced a generation of nationals who had no experience of an extractive based political regime and through the absence of mechanisms such as taxation, which was replaced with 'ruling bargain' based subsidies such as guaranteed public sector employment, this effectively created a population who viewed the state as being solely distributive (Davidson 2008:197-80). An analysis from Davidson (2009) on Abu Dhabi supports this point, whereby he argued that over the oil development decades, the rentier citizen has been cultivated around the distributive based social contract and in doing so, are now accustomed to material benefits and exceptional welfare provisions with no form or expectation of extraction, such as productive socio-economic participation in the labour market or taxation. This issue is also reflected in the work of Hertog (2010a), whereby he addresses that through the Kingdom of Saudi Arabia's prolonged distributive based regime, subsidies have become fixed obligations of the state and thus, are not only unchangeable, but also constrains the policymaking and policy strategies implemented in the national politico-economic framework (Hertog 2010a:21). In doing so, this not only induced deference and quiescence amongst society towards the political regime as previously discussed, but also generated and maintained a mentality of socio-political and economic complacency, whereby productive participation in the political domain, the economy and obtaining a relevant education was replaced with rent-seeking activities (Ayubi, 1995:323-5; Krane 2014:46).

Equally, according to Jones (2011), in rentier political economies, the regimes are important, but the citizens are just as influential because they have adopted a rentier mentality that has been created by the culture of oil. For example, as noted by Ayubi (1995:323-5), due to the state coddling the national citizenry for decades, this has created a situation whereby the citizens in fact claim the right to in effect tax the government by demanding welfare provisions, economic subsidies and critically,

guaranteed public sector employment. The rentier citizen, therefore, is less feeble than the early rentier literature claims and the state is less dominant and autonomous from society and their demands (Ayubi 1995:323-5; Krane 2014:52). Because according to Herb (1999:241-2), the citizenry of the Arabian Gulf feel that they are entitled to a share of their respective country's oil wealth and in doing so, rarely feel gratitude to the ruling elite for distributing oil rents, because in their view, as it is their country, they own the oil and not the ruling family (Herb 1999:241-2). Throughout the literature that sought to explore the neo-liberal notion of the culture of oil, it delved further into the social impacts of hydrocarbon income and addressed how oil revenues influenced the onset of issues such as the rentier mentality and the destruction of the work-reward nexus, but also how it has been maintained over the decades.

In regards to the rentier mentality, it particularly focuses on the national citizenry and how through the prolonged dependency on oil rent, has created a population who have been suffering from socio-economic illusion (Ross 2001:348-349). More specifically, the hydrocarbon income has created a mentality amongst the national citizenry that the state should provide an exceptional standard of living through public sector employment and in doing so, has destroyed the bond between productive employment and socio-economic rewards and has undermined the formation of a productive work ethic (Khalidun 2005:340). Resulting from this mentality of entitlement, this has significantly distorted the function of the national citizenry in the socio-political arena, but equally, within the economy, because they continue to feel entitled to permanent public sector employment, where there are higher salaries and favourable conditions such as flexible working hours (Herb 1999:241-2; Ross 2001:348-349). According to Brocard and Vallet (2006), the rentier mentality was and continues to be dominant towards manual labour and low-status positions and explains as to why there is a low-productivity and low-participation rate of the national workforce in the private sector. Moreover, as the government has been the ultimate employer of the national citizenry, those who are seeking employment aspire to work in the public sector and therefore, avoid the private sector and leave its numerous socio-culturally 'demeaning' occupations to the migrant workforce (Levins, 2013). According to Davidson (2009), this has created an upper-stratified social structure, because the national citizenry are the only members of society who are entitled to direct government transfers, such as public sector employment and therefore, the migrant workforce must be satisfied with their tax-free salaries in return for limited socio-political and economic mobility.

Due to government transfers being a birthright and the citizenry's national identity being rooted in guaranteed financial prosperity that must be fiercely preserved, the culture of oil has also distorted the labour market, because the migrant workforce have been drawn upon over the oil decades to provide the essential manpower and skills required to economically develop the oil exporting political economies (Ayubi 1995:167; Ross 2001:348-349; Davidson 2011:149). This has been encouraged by the ruling political elite, because the migrant workforce have been able to fill the occupations in the private sector which are deemed menial and socio-culturally unacceptable to the national citizenry (Herb 1999:241-2). Indeed, for the state to preserve the status quo and maintain the upper-stratified social structure in favour of the national citizenry, the migrant population are strictly regulated in their socio-economic activity and residency, whereby they are legally regarded as a transient population with limited to no access to being granted citizenship (Herb 1999:241-2). Resulting from the prolonged dependency on the migrant workforce, this has had significant ramifications on the socio-economic structure of the political economies of the Arabian Gulf, because society and the labour market have become fragmented and extremely segmented between both the migrant and national population and the public and private sector (Ayubi 1995:167; Herb 1999:241-2).

Underpinning the rentier mentality and prolonging the culture of oil in the Arabian Gulf is the social contract, which is an implicit agreement between state and society and has been an inherent aspect of rentierism. The social contract in the Arabian Gulf also holds greater institutional magnitude in comparison to the more advanced industrial democracies of the West, because as noted by Yousef (2004), it has informally defined the role and expectations from state and society, whereby the political elite supervise the national citizenry by promising socio-economic prosperity, in exchange for the ruling elite to have unfettered control of the political domain (Krane 2014:80). Rentierism and the distributive based social contract therefore, offered an explanation to the longevity of autocratic rule in the region. Because through the political elite adopting a distributive based pact with society, this constructed the privileges associated to the rentier citizen and has acted as an authoritarian bargaining tool, whereby society have been 'bought off' with guaranteed public sector employment and exceptional welfare provisions in return for their limited political participation (Gray 2011:6). As a result, the largesse social contract according to the classical literature, enabled the rulers to be autonomous in the policymaking process (Mahdavy 1970; Luciani & Beblawi 1987). The early literature however, offered no narrative as to whether this state of affairs could change, whereby the rentier citizen could become mobile and demand greater socio-economic and political rights from the rentier state (Krane 2014:56).

Indeed, over the oil development decades, the rentier citizens' sense of entitlement broadened and in doing so, scholars declared that the social contract has in fact placed a boundary around what policy choices are acceptable and expected, because when there is public dissent, it is usually society demanding the ruling elite to adhere to the traditional obligation of rent distribution policies (Peterson 2012:75-79). According to Gray (2011:10), this clearly represents that the rentier states have never been truly autonomous from society, because they have all adopted reactionary policies in times of mounting socio-political instability and therefore, the political elite in effect have had to be responsive to the demands of the rentier citizen in order to ensure their own long-term political survival. Therefore, as the Arabian Gulf seeks to diversify towards a new development model and late rentier formation, the state will have to contend with the fact that the rentier citizen and culture of oil has created unsustainable expectations, such as guaranteed public sector employment for life and thus, if this is withdrawn from the social contract, will be a source of socio-political opposition (Vandewalle 1998:169)

2.5. The Emergence of the 'Late Rentier' State

Despite the rentier paradigm dominating the literature surrounding the political economies of the Arabian Gulf since the 1970s, debates have continually arose stating that the theory has been extremely overstretched to explain a wide variety of issues and thus, became generic in its observations (Gray 2011:9). Critically, alongside these debates, the states that the theory seeks to explain are also undergoing significant transformations within their national political economies. In the present day, the Arabian Gulf continues to contend with longstanding challenges such as rapid population growth, employment pressure and strains on the national labour market. Whilst over the last decade, more challenges have emerged such as increased global oil price volatility, greater globalisation pressures and regional socio-political instability, as exemplified by the 2011 Arab Spring. As a result, the region is currently at a crossroads whereby the states are attempting to respond to these challenges by diversifying their economic base and establishing a more socio-economically active society through the implementation of new development models. To respond and reflect upon

these significant transformations taking place within the region, therefore, the rentier paradigm needs discussion and updating with evidence based observations (Schmid & Ozyavuz 2015:2).

Accordingly, a model has been proposed which seeks to address the theoretical deficiencies and go beyond the simplistic generalisations made in the previous phases of the rentier theory (Schmid & Ozyavuz 2015:19). Building upon the important evidence based work from Davidson (2009), Hertog (2010a) and Hvidt (2011) for example, a model of 'late rentierism' has been proposed by Gray (2011). Within his work, Gray (2011) argues that in the previous two phases of the rentier paradigm, it was overambitious of scholars to make the declaration that rentierism was a structural attribute of the state, because from evidence based observations, rentierism should instead be considered as a politico-economic dynamic of the state-society nexus, which has been constructed and maintained by the distributive spending model adopted by the oil rich states (Gray 2011:18). The late rentier model also critically recognises that although these states are rentier by virtue and continue to accrue a substantial proportion of its national income from external sources, they have all to varying degrees introduced some non-rentier features. For example, the states of the GCC have sought to diversify their economic policies, re-design their development model and alter their relationships with foreign actors and society, by engaging with intermediary actors in the private sector and civil society groups (Gray 2011:18). Therefore, although these states continue to hold on to some of their classical rentier characteristics, as explained by the previous two phases of the theory and will be evident in the empirical chapters, these states have become more sophisticated and taken on new features within their political economies and thus, need to be addressed.

There are seven core tenets documented, which describe this notion of late rentierism and offers an evidence based explanation as to why the Arabian Gulf states possess the political economies they do in the present day. The first tenet and one of particular interest for this study is the emergence of a responsive yet undemocratic state structure. In the previous rentier framework, a key tenet was that through patronage networks, the largesse social contract and the repressive mechanisms readily available and adopted by the political elite, the rentier based state was able to be autonomous from society and thus, the Arabian Gulf states were undemocratic and free from any societal based pressure to reform (Ahmed 2010:99). However, despite the state maintaining their autocratic regime through the distribution of oil wealth, threats have arisen in recent years and have overridden the influence oil rents once had in maintaining the status quo (Schmid & Ozyavuz 2015:9). With increasing unemployment pressures, regional socio-political and Islamist instability and globalization exposing the region to new technologies which undermine the states traditional legitimacy and authority, the late rentier state can continue to avoid democratization like their predecessors could, but they must be responsive and meet the basic needs of society and this includes some form of participation and representation within the political and policy domain (Gray 2011:23). It is expected therefore, that in a late rentier state, there will be some pluralisation in the political domain, but only to a small extent and to a level which does not threaten the position and role of the state's elite (Foley 2010:103-109).

According to Herb (2009:259-266) political pluralisation and responsiveness from the state is evident in the case where new legislatures have been created and authorities have been expanded in order to be responsive to the requirements of different socio-economic actors. Whilst Gray (2011:25) suggests that this duality enables the late rentier ruling elite to maintain the status quo by appearing to involve society in important policy matters which directly impact on their livelihoods, such as welfare and employment issues. For example, Municipal electoral politics and organisations such as Saudi Arabia's National Dialogue Forum represent that the state is opening up dialogue and offering society a platform to interact with government officials (Herb 2009:103). Whilst in other GCC states,

Janardhan (2011:225) suggests that the political elite have enabled society to access international broadcasts and online technologies, which allows them to socio-politically engage with both the national and international community. It is important to note the special case of Kuwait, however, because as will be evident in the empirical chapter, they have a history of an activist based parliament and through having a shared social heritage amongst the key ranks of society and the political elite, this has encouraged parliament to hold greater accountability and more leverage in their political powers (Gray 2011:23).

Equally, despite these reforms making for a more socio-politically alert and engaged society, both Herb (2009:103) and Gray (2011:23,25) argue that they continue to be strictly implemented and are relatively weak and modest in their influence in making any substantial political impact. Therefore, no substantial democratization has taken place across the Arabian Gulf and in the immediate future, there will be no change to the political system or national leadership through elections (Gray 2011:25). Whilst there may be more actors involved in the political and policy domain in the late rentier state, they will also continue to be controlled by rent distributive apparatus and therefore, as will be supported by evidence in the empirical chapters, the late rentier state is as neo-patrimonial as their predecessors were, because political power continues to be held at the core of the autocratic regimes (Gray 2011:25).

The previous rentier literature also viewed the state as adopting protectionist policies whilst being introverted and isolationist and in doing so, external forces such as globalisation had little influence on the national political economy and development agenda (Brynen et al 2013:193). In the late rentier states of the Arabian Gulf, however, globalisation is a critical force that will shape the national political economies over the coming decades, whereby the state will cautiously open up and expose the economy and society to its influence (Gray 2011:26). Importantly, within this tenet of the late rentier, it recognises that each GCC member state have different socio-political, economic and cultural structures and therefore, avoids making the assumption that each state is going to transition the same way and adopt the same development model (Gray 2011:26). To support this tenet of late rentierism, Gray (2011) considers Saudi Arabia as being a clear example of the late rentier state opening up to the influences of globalization. Because once a closed society but open economy, over the last decade, the state has actively sought to reform the national socio-economic structure (Wilson 2006:165). For example, to assist their membership approval to the World Trade Organization in 2005, the Kingdom undertook widespread economic reforms in order to attract foreign investment (Gray 2011:26). More recently, the Kingdom has further opened up to the globalisation process by attempting to have closer socio-economic relations and integration with their fellow GCC members, by implementing policies which seek to reform the education system and society's access and interaction with new forms of communication and media (Gray 2011:26). Indeed, as will be evident in the empirical chapter, exposing the Kingdom to such global processes holds great socio-political risk and could potentially undermine the authority of the state and religious elite and therefore, for the Kingdom to maintain their political structure and position as the centre of the Islamic world, reforms and interaction with global processes will be treated with caution (Okruhlik 2004:201,228).

In the classical rentier theory, scholars also declared that because the state was largely autonomous, they were not required to engage or adopt any other economic agenda beyond the distribution of oil rents within society and therefore, the states had no substantial economic policy (Luciani 1990:76). This tenet of the classical theory no longer holds merit, because across the region, new ambitious development agendas such as Qatar's National Vision 2030, Kuwait's State Vision 2035 and Saudi Arabia's Vision 2030 exemplify that the states are actively designing and implementing more robust

national development and economic policies. This is evident within these Visions, because they all propose a comprehensive national economic agenda and policies which seek to effectively regulate the country's diversification efforts, global trade agreements, new development strategies and critically, labour market policies which seek to rebalance the role of the private sector and national workforce (Gray 2011:28). In the view of the late rentier model, this represents that the states of the Arabian Gulf have evolved beyond the minimal routine management of their rentier constructed society and economy, towards a more active and progressive approach in the regulation of their country's socio-economic affairs (Gray 2011:28).

It has also been proposed that within numerous development strategies such as Dubai, some form of 'neo-rentierism' is emerging and will increasingly underpin the politico-economic characteristics of the late rentier states of the Arabian Gulf (Gray 2011:28). This notion of 'neo-rentierism' is applied to political economies such as Dubai and increasingly to the other GCC states, because the political regimes are actively pursuing development opportunities that will enable them to economically diversify and rewrite the social contract, whilst attempting to maintain similar political outcomes that are awarded to them as a result of their rentier based regime (Gray 2011:28-29). Moreover, Niblock (2006:96,102) argues that despite the states of the Arabian Gulf moving towards a new development agenda and undertaking numerous reforms such as marketization, the region still continues to avoid the transition towards economic models such as neo-liberalisation, mainly because of the political risk it entails. In the instances when neo-liberal economics have been adopted in the region over the decades, it usually has been minor and in the majority of cases, the reforms have been focused on the controlled removal of 'red tape' and restrictions experienced by businesses, instead of adopting a more broader liberal economic strategy (Bremmer 2010:4). Therefore, politics and the agenda of the ruling political elite will continue to be a key driving force behind the varying development models of the GCC member states (Gray 2011:28-29).

Indeed, unlike the previous phases of the paradigm, as the GCC states are adopting different Visions, there is no single development model that can be applied to characterise the late rentier political economy (Gray 2011:29-30). Accordingly, both Gray (2011:29-30) and Hvidt (2009:412) have noted that as each state are adopting different development models with different priorities, the late rentier paradigm offers a general template in terms of detailing the key tenets such as the general move towards a new development agenda, but each case's political economy needs to be explored and understood in its own national socio-political and economic context. This will be particularly evident in the empirical chapters, because they all have adopted new development Visions with different objectives. However, it will also be argued that despite the late rentier proclaiming that the new models are hybrid and differ for each GCC state, there are many shared objectives and implementation strategies, especially in regards to the governance of the labour market and thus, this declaration that there is no single development model in the late rentier state is misleading. Because although there is no single model, they are adopting similar socio-economic strategies which will assist in their diversification process, such as adopting a knowledge based economy and implementing similar labour market policies and thus, the only difference is in the goals and mechanisms applied to suit their own national politico-economic context.

The late rentier will also transform from being energy-dependent to being energy-driven. For example, resulting from the rapid expansion of the oil industry in the GCC during the 1960s to the 1980s, the states chosen economic model was energy-centric, whereby they were significantly dependent on oil rents to fund their socio-political and economic activity (Gray 2011:30). In the present day, little has changed in their rentier based economic model because oil rents continue to

dominate a large percentage of their national GDP, the ruling family continue to dominate the political and business arena, whilst migrant workers continue to dominate the private sector workforce and constitute the majority of the population in the smaller GCC states of Qatar, Kuwait and the UAE (Malik & Niblock 2005:52,72; Okruhlik, 2011:127). However, despite these rentier characteristics still being prominent in the region's economic structure, the late rentier model considers that these states will transition from being energy-dependent to energy-driven, whereby oil rents will remain to be a crucial component in their economic model, but not the only source of productive income for the state as in previous decades (Gray, 2011:30).

Underpinning their diversification into an energy-driven economy is through the state adopting policies and economic strategies which seek to encourage the productive investment and expansion of industrial sectors that are competitive and critically, will not require heavy oil based subsidies to be successful in producing substantial economic outputs (Gray 2011:31). For example, initiatives such as state investment funds and investment into the private sector will be a key strategy adopted by the states to transition from being energy-dependent into diversified energy-driven economies (Peterson, 2009:12,14). To further aid this diversification, Gray (2011:31) considers that these reforms in the economic model will also focus on developing the education system and relevant training of the national population. However, this diversification will continue to be underpinned by the energy sector, because not only does the industry create business opportunities for firms in other sectors, but it also provides the funds that the state will use to re-invest into diversifying the national economy (Gray 2011:31). Therefore, according to Hertog (2010:261,301), Hvidt (2009:410) and Seznec and Kirk (2011:19), in the late rentier state, economic diversification will be state-led and energy-driven, but will be run more efficiently in order for the country to successfully diversify and maximize the potential their private sector and national population have to offer.

The late rentier state has also been classified as having an entrepreneurial state capitalist structure. In the early post-independence era of the Arabian Gulf, the states dominated and tightly controlled the national development strategy design process, primarily to ensure that their country was able to rapidly undergo oil led development and industrialisation (Gray 2011:32). Over the decades since, the states have continued to mature their state capitalist structure, whereby they are the most influential and powerful actor in the economy and tightly regulate the market and activity of the private sector (Gray, 2011:32). According to Bremmer (2010:67), the specific state capitalist structure of the Arabian Gulf can be classified as being entrepreneurial, because the states have also sought to actively economically engage with other actors in the global economy. This entrepreneurial state capitalist structure can be seen to manifest itself amongst numerous socio-political and economic features. Firstly, according to Hertog (2010b:282-289,301), although the gas and oil companies and their assets are owned by the state, as they are run for the maintenance of the regime and hold a significant political purpose, then the hydrocarbon sector is managed and operated efficiently and in a professional manner. But as the state continues to use their natural resources as politically strategic assets, Bremmer (2010:67) argues that they should still be classified as being rentier in the way they conduct themselves and how they interact with other socio-economic actors.

Throughout the region, large portions of businesses are also state owned. For example, in Saudi Arabia, their National Commercial Bank and Saudi Basic Industries Corporation and in Dubai, the Dubai Holding groups and Dubai World, appear to be private sector actors, but the shares into such corporations are primarily owned and controlled by the state (Luciani 2005:146; Hvidt 2009:410). Businesses in sectors such as telecommunications, banks, airlines and defense are also largely owned and tightly managed by the state (Gray 2011:32-33). Whilst in the private sector, after the political

elite, 'national champions' such as the royal family, merchant families and the social elite dominate the sector (Luciani 2005:146). The dominance of these actors in the private sector is encouraged by the state, because it garners support to maintain the state capitalist structure (Gray 2011:32-33). Therefore, as will be discussed in the empirical chapters, although private sector businesses have occasionally challenged the authority of the state and protested against the implementation of strategies, such as the nationalisation policies which are a focus of this study, the political elite continue to maintain a favorable and close relationship with these actors and as a consequence, assists the regime to remain in power (Gray 2011:32-33).

It is also important to recognise that despite the dominance of the state and 'national champions' in the private sector, there is still economic activity of genuine private sector actors. In the present day, the governments of the Gulf are attempting to encourage more entrepreneurialism in the private sector, by establishing free trade and investment zones, whilst also reforming how business practices and the wider labour market are regulated (Gray 2011:32-33). However, yet again, Gray (2011:32-33) emphasises that these initiatives are implemented, primarily because they do not threaten or undermine the stability of the state. The free trade and investment zones, in particular, are also prohibited from being implemented into both politically and economically vital sectors such as the hydrocarbon, telecommunication and policing sectors (Bremmer 2010:67-68). Whilst reforms to business practices are not implemented into vulnerable communities or into sectors which may undermine the commercial interests and competitive advantage of the already established business elites and royal family (Gray 2011:32-33). Therefore, in the late rentier political economy, the state capitalist structure will continue and as will be explored in the empirical chapters, the state and business elites will continue to dominate the regulation and activity of the national economy and private sector (Bremmer 2010:67-68).

Due to the Arabian Gulf increasingly experiencing periods of oil price volatility and the risks associated to the impending exhaustion of their extractable natural resource reserves, it is also crucial that the late rentier state takes these significant economic fluctuations into consideration when planning for their country's future socio-economic survival, but also, for the regimes political stability and prosperity (Gray 2011:34). Accordingly, the state has to become more focused on the long-term stability of their political economy, of which, can be achieved in numerous ways. One strategy is through the previously discussed diversification of certain economic sectors and expansion of the private sector. This strategy proves beneficial, because it offers a potential low-risk means of accruing taxation based revenue for the political regime and therefore, moving the state and wider socio-economic structure away from the instability associated to oil rent dependency (Gray 2011:34). Through diversifying the economy and encouraging a greater role of the private sector, this should create greater employment opportunities for the national citizenry outside of the public sector, especially the youth, who are increasingly at risk of becoming politically oppositionist as a result of the lack of meaningful employment and access to socio-political representation (Gray 2011:34).

Finally, in the early rentier literature, it claimed that there was little need for the rentier state to adopt a national economic or foreign policy, because they were able to function in the global economy without engaging with other politico-economic blocs and making alliances with other states (Luciani 1990:76). However, for the late rentier state to strengthen their position in the global political economy and protect their national economic and socio-political interests, it will be critical for the state to actively adopt a foreign policy and positively engage with other governmental and multilateral actors (Gray 2011:35). For example, foreign investment is increasingly favoured by the Arabian Gulf states, because of the soft power and political leverage it entails. Because if these states establish

stronger global economic ties through trade and investment with other countries, this acts as a 'bind' for the countries who are involved through these investments and will thus, be influenced by the 'fate of the late rentier' (Gray 2011:35-36). Therefore, if other global states are making significant foreign investments into the Arabian Gulf, they then have a vested interest for the region to be stable and continue its transition towards the late rentier, whilst also attempting to limit and socio-political tensions which may emerge (Gray 2011:36).

Through broadening and actively pursuing innovative foreign policies and global trade relations, these soft powers have also gone beyond politically motivated influences, to being more economically vital to the regions diversification efforts. For example, through building trade agreements, encouraging international investment and pursuing foreign relations with other global powers, these linkages help build a reputation for the Arabian Gulf States outside of the political elite and global business circles (Bremmer 2010:67-68). The case of Qatar is drawn upon in the model to support this notion, because through their success at winning to host the 2022 FIFA World Cup, this gives them a global image that they are a country who are able to host important sporting events, whilst also being a stable, yet competitive, economy of the region to invest into (Peterson 2006:732,740). These initiatives are considered necessary in the late rentier political economy, because of its strategic importance in the economic diversification and development of these states, but again, also the diplomatic and political implications it holds. Because as the Arabian Gulf continues to be made up of smaller states, excluding Saudi Arabia, their politico-economic strategies are considered to be guided by their perceived vulnerability of socio-political unrest and as oil rents cannot guarantee national security, strong foreign relations are important for the long term survival and protection of these regimes and their rentier wealth in the 21st century (Gray 2011:36). Therefore, in the late rentier state, these relations will broaden to facilitate new innovative and active foreign policies and in doing so, this will create new dynamics in how the Arabian Gulf States interact on the global stage and the foreign relations they choose to pursue (Gray 2011:35).

2.6. Conclusion: Towards the Post-Oil Dependent Development Agenda and the Emergence of A New Political Economy Paradigm

Since the theory's inception in the late 1960s, it has been evident throughout this chapter that the rentier paradigm has provided a valuable framework to explore and understand the structure of the political economies that have adopted an oil-based development agenda. Although the theory was originally based on the economic implications of oil rents, it broadened over the succeeding decades to offer social and political explanations as to why oil wealth could be a blessing, but more so, a curse to the development trajectory of the exporting states. Conversely, although there were numerous socio-political and economic lenses available to explore oil based development, the central and overriding tenant of the paradigm has been that through the state accruing vast revenue from the external sale of its petroleum reserves, these economic rents have permanently altered the structure of the national political economy (Schmid & Ozyavuz 2015:4).

The aggregated rentier state literature has also provided a strong and comprehensive narrative on why authoritarian state structures dominate oil economies and why there is a democracy deficit, the nature of the social contract which underpins the state-society nexus and why the national citizenry are largely suffering from the culture of oil (Krane 2014:43). Whilst more specifically in the case of the Arabian Gulf, the rentier theory has enabled scholars to resituate their analysis of the durability of the

autocratic regimes and monarchies, by attributing it to economic influences such as oil rents and therefore, the structure of the national political economy has been determined by factors such as their interaction with the global economy (Krane 2014:43). Through adopting the rentier paradigm to explain the political economies of the Arabian Gulf, this allowed scholars to move beyond the previously dominant political culture perspective, whereby the prevalence of autocracy in the region was originally attributed to tribalism and patrimonial networks that were underpinned and reinforced by their Islamic traditions and thus, considered to have inhibited their transition towards a democratic regime (Ayubi, 1995:323-325).

Indeed, as many now argue, there is more to the Arabian Gulf and its political economies than just oil rents (Schmid & Ozyavuz 2015:19). Through observing government announcements over recent years, new development visions have been proposed, all of which, seek to diversify the region's economies and end their dependency on the oil led development model (Gray 2011:36). With burgeoning demographic pressures, social change, globalization, technological advancement and pressure from business actors and the international community, these combined issues are impacting the Arabian Gulf's political economies, regardless of their longstanding status as rentier states (Gray 2011:36). Resulting from these increasingly complex dynamics, they are complicating and bringing into question the role and legitimacy of the states, who now need to respond with an engaged approach to the requirements of the society they govern (Gray 2011:36). Accordingly, with new variables and politico-economic dynamics, the rentier state theory requires discussion (Schmid & Ozyavuz 2015:5).

This thesis seeks to contribute to this discussion, by exploring the transforming governance of the labour market in three GCC states, namely Saudi Arabia, Kuwait and Qatar. This lens of exploration has been adopted, because as noted by Gray (2011:36) and Schmid and Ozyavuz (2015:19), with socio-economic pressures and new development Visions that seek to diversify the economies through increasing the role of the private sector and the national labour force, revisions are being made to the labour market and its policies to assist in the national diversification efforts. These issues also complicate the traditional role of the rentier state, because they are having to be more responsive to society and the business elite, by offering them greater socio-economic opportunities and critically for the regimes future stability, a platform in the political and policy-making domain (Schmid & Ozyavuz 2015:19). In the empirical focused chapters, therefore, it will delve into these issues, whereby the key aspects of exploration will focus on who the key stakeholders are in the policy formulation process, the labour market policies adopted, how they have restructured the labour market to date, the barriers to their successful application and how the governance of the labour market is situated within the new development Vision.

Through comprehensively exploring these issues in each individual case study country and then comparing their similarities and diverging trends in the concluding discussion chapter, this thesis seeks to contribute an empirical based narrative to the debates, by situating it within the analytical framework of the late rentier model. Because as will be evident, Saudi Arabia, Kuwait and Qatar continue to be underpinned by rentier politico-economic dynamics, but as noted by Schmid and Ozyavuz (2015:20), they have entered into a new phase due the states managing their oil rents more carefully and diversifying away from their oil dependent political economy. Therefore, the late rentier model is the best environment for exploring the central themes of this study, because at its core, it offers numerous explanatory principles and identifies the shared characteristics that underpin the contemporary rentier state (Gray 2011:36). It also provides a framework to understand the politico-economic dynamics between the state and national socio-economic actors, alongside delineating as to

why policies such as those implemented in the labour market have been adopted to address the complex socio-economic circumstances they currently face (Gray 2011:36). Equally, due to Saudi Arabia, Kuwait and Qatar facing different socio-economic pressures and adopting development Visions to suit their own national context, the rentier states of the Arabian Gulf are no longer uniform in their development agenda, although it will be evident that in the case of labour market governance, they have a shared approach in its regulation. Therefore, as the model advocates that as the states become more hybrid over the twenty-first century, they will need to be individually explored in order to take into account their national dynamics and different stage of being a late rentier state and thus, this perspective provides the basis of this study (Gray 2011:36).

Chapter Three

Deconstructing the Issue: The Rentier Constructed Labour Market

3.1. Introduction

Through the discovery of substantial oil reserves in the Arabian Peninsula during the mid-twentieth century, the sudden windfall in natural resource wealth had a significant transformative influence on the political economies of the GCC member states. Because over the last five decades, they have been able to adopt a successful oil led development model that has funded the construction of world leading infrastructure and one of the globes most largesse welfare systems (Hertog 2012:1-3). In the present day, the region is one of the most geo-politically strategically vital areas of the world, because it accounts for nearly half of the world's proven and extractable oil and gas reserves and is host to some of the globes richest countries in terms of Gross Domestic Product (GDP) and fairs well on the Human Development Index (HDI) (Babar 2013:1-2). Indeed, major socio-economic and political challenges are surfacing within these rentier states, so much so, that after five decades of oil led development the governments are having to transform their political economies by adopting a new sustainable development agenda that will ensure their socio-economic and political survival over the 21st century (Gray 2011:19-22). This will require difficult and highly socio-politicised decisions, whereby the governments will have to alter their distributive mechanisms which underpin their social contract with the national citizenry and thus, compromise their own political legitimacy (Held & Ulrichsen 2013:1-3).

To prepare for the end of the oil dependent era, the GCC states have all announced new Visions which seek to spend their oil wealth more responsibly by diversifying their economic base, establishing a productive and relevantly skilled national workforce, increasing the capacity of the private sector, all the while creating a new modernized image of their country on the global stage (Gray 2011:19-22). Central to fulfilling their new development ambitions, therefore, is through the effective governance of the labour market, because it is within this arena that creates employment for the national citizenry and enables the private sector to be an economically productive actor in the economy and contribute to the socio-economic diversification process (Gray 2011:19-22). Indeed, the effective governance of the labour market has been on the policy agenda of these states since the 1970s. But due to their limited success in restructuring the labour market to date, whereby there is greater participation of the national workforce in the private sector and thus, a reduced reliance on migrant labour and public sector employment, it has been declared that regulating the labour markets of the GCC has become the “Achilles heel of what in general has been a successful oil-led development model” (Hertog 2012:2). Within this chapter, it seeks to briefly explore the rentier constructed labour markets of the GCC and provide a contextual foundation that will be the basis of the empirical chapters, where the transforming political economies of Saudi Arabia, Kuwait and Qatar will be explored.

3.2. The Evolving Demographic Profile of the Labour Market: Nationals vs. Migrant Labour

To comprehend the magnitude of the demographic evolution that has characterised the Arabian Peninsula since the 1950s, it requires some imaginative thought (Forstenlechner & Rutledge 2011:25-

26). Because over the last six decades, the aggregate population of the region has increased tenfold, from approximately four million during the 1950s to more than forty million by the mid 2000's and is regarded to be the most rapid demographic boom experienced throughout the world during this period (Forstenlechner & Rutledge, 2011:25-27). The determinant behind this rapid population growth can be attributed to the discovery and extraction of oil, which permanently transformed the political economies and demographic profile of the Arabian Gulf. Because prior to the discovery and global exportation of oil, due to the poor socio-economic condition of the region, whereby the global great depression and regional collapse of the pearling industry brought economic demise to the area, the marginalised nomadic and agrarian based societies had a very small national and migrant population (Baldwin-Edwards 2011:1-3). After the conclusion of World War I, the population was estimated to be less than 3 million and the only migrants present in the Gulf before the Oil era were seasonal merchants who travelled from neighboring areas to participate in the pearling and fishing industries (Baldwin-Edwards 2011:7-12).

However, when oil was discovered during the 1930s, this immediately rid the region of its global marginal socio-economic status and initiated the beginning of what has been a rapid and persistently expanding demographic trend. Underpinning this unprecedented demographic boom was the fact that in order for the national governments to effectively manage and facilitate the expansion of the oil industry, they had to rely on migrant labour to provide the skilled and unskilled manpower needed to develop the relatively small-scale oil sector. In doing so, over the proceeding decades, migrant labour was continually in high demand and drawn upon and resulting from their persistent influx, by the beginning of the 1970s, they constituted approximately one million of the GCC's Seven and a half million aggregate population (Baldwin-Edwards 2011:7-12).

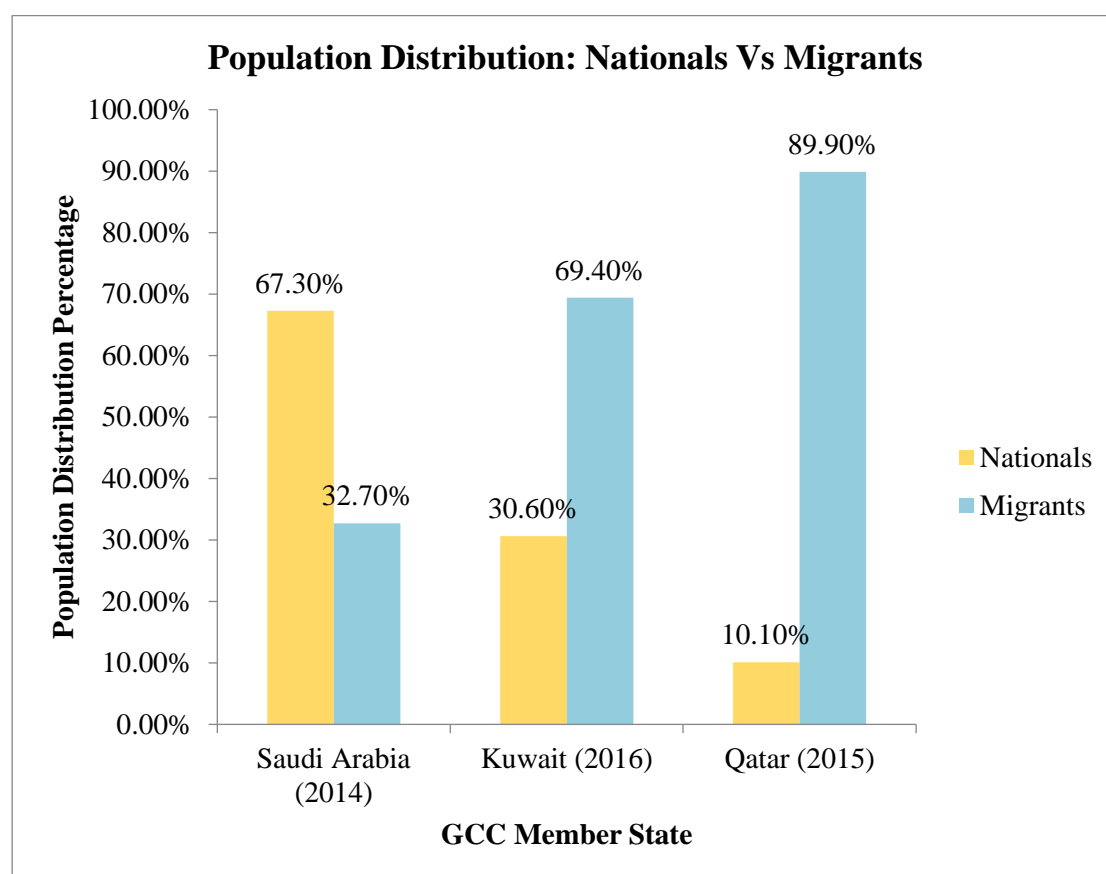
During the mid-1970s, the decade of the infamous oil 'boom' and the foundation of the rentier state structures we see in the Arabian Gulf in the present day, there was greater impetus behind expanding the regions oil industry and permanently altered the demographic profile of the region. It was also during this decade when the deep structural segmentation within society, which is between the national and migrant population, began. Because when the oil prices suddenly and rapidly increased to unprecedented levels, in order to expand the oil industry and capture the development opportunities available as a result of this sudden windfall in oil wealth, the governments' decided not to draw upon their own national manpower (Baldwin-Edwards, 2011:7-12). Because relevantly educating and training the national citizenry to a productive level was considered to be too arduous and time consuming and so, the governments' decided to encourage the large influx of 'short-term' migrant labour, who provided both the skilled and unskilled manpower needed (Baldwin-Edwards, 2011:7-12).

In Saudi Arabia, its population expanded from 5.8 million in the 1970s to 16.2 million in the 1990s, with an annual population growth rate increasing from 3.7 per cent to 4.0 per cent and since 2000 to the present day, the population has continued to grow from approximately 20 million to more than 27 million (Escwa 2011:43-52). A continuous trend over the decades has also been the rapid growth in a young employment seeking population and currently, the population who are under the age of 25 comprise 61 per cent of the Kingdoms total population (De Bel-Air 2014:3; Alsheikh 2015:8). Saudi Arabia is also the major host of the regions 13 million temporary labour migrant population, whereby it has been estimated that three quarters are based in the Kingdom and actively participating in the labour market (De Bel-Air 2014:3; Alsheikh 2015:8).

In Kuwait, following the early 1990s Kuwait-Iraq war, the population of the country was

approximately 2.6 million, of which 1.9 million consisted of the migrant population (De Bel-Air 2013:5; IMF 2014:11). In the early 2000s, the total population grew to approximately 2.2 million, of which only 0.8 million were Kuwaiti nationals and 1.4 million comprising the migrant population. (De Bel-Air 2013:5; IMF 2014:11). In 2010, the annual growth rate of Kuwait stood at 2.4 per cent and the total population was approximately 3.6 million, with 2.5 million comprising of the migrant population (De Bel-Air 2013:5; IMF 2014:11).

Whilst in Qatar, they have a small population, which has steadily increased over the decades and due to their oil wealth, have become one of the world's wealthiest states with the largest GDP per capita. In the 1980s, Qatar's population was approximately 224,000 and increased to 501,000 by the mid-1990s (Escwa 2011:43-52). The state's population has continued to grow from 821,000 in 2005 to an estimated 2.3 million by 2015, of which 81.3 per cent are between the employment seeking ages of 20 to 44 (Berrebi et al 2009:432; De-Bel Air 2014b:6).



(Fig.1. Population Distribution) (Data Source: GLMM, 2016a).

In the present day, Saudi Arabia's migrant population growth has begun to stagnate, whilst in Kuwait and Qatar, their migrant labour population continues to rapidly expand and as shown in Fig.1, continue to be the dominant population (Berrebi et al 2009:432; De-Bel Air 2014b:6).

3.3. The Rentier Constructed Labour Market: The Key Characteristics

The landscape of any labour market is constructed by economic, social and political forces and therefore, is inherently determined by the national demographic profile, manpower availability, human capital and the economic base of the political economies (Yousef 2004:3-8). The activity and structure of the national labour market is also significantly informed by the policies implemented into the arena (Yousef 2004:3-8,64). Therefore, across the GCC, due to the longstanding and deep-rooted rentier structure that characterises the political economies and their distributive based development model, it has had numerous distortive effects. For example, the national labour market and workforce is characterised as being extremely segmented between the public and private sector and between the migrant and national workforce (Baldwin-Edwards, 2011:7-12). Due to the low participation rate of national manpower, who dominate the public sector, this has led to the mass importation of a transient migrant labour force to provide the manpower needed for the exporting country's ambitious development plans and to fill the vacant occupations in the national private sector (Baldwin-Edwards 2011:7-14). The rentier based development model, therefore, has significantly distorted the formation and function of both the national labour market and national labour force and thus, is a major challenge which needs to be addressed in any future diversification efforts (Berrebi et al 2009:432). As will be discussed in the following section, there are numerous prevailing structural similarities that characterise the labour markets of the GCC, but the way they are characterised depends on the national political economy and the nature and severity of these rentier distortions vary (Baldwin-Edwards 2011:7-14).

3.3.1. Extreme Labour Market Segmentation: Public Sector vs. Private Sector

In the rentier political economy, extreme segmentation also prevails in the labour market between the public and private sector and can be traced back to the 1960s, when the ruling elite intervened in the national economy and nationalised the oil industry and directly controlled other economically productive activities (Baldwin-Edwards 2011:7-14). Due to the national population being too small and lacking the relevant skills required to successfully expand the oil industry, migrant labour were called upon to provide both the skilled and unskilled manpower and as a result, the governments of the region offered guaranteed public sector employment as a rent distributive mechanism to the national citizenry (Berrebi et al 2009:432). This extreme segmentation in the case of Saudi Arabia, Kuwait and Qatar in the present day is exemplified in Fig.2. and is considered to be one of the most problematic legacies associated to rentier based development, because public sector employment has continued to be the only socially acceptable sector of employment for the national citizenry, due to its exceptional wages, job security and shorter working hours compared to the private sector (Berrebi et al 2009:432) Therefore, as will be explored in the empirical chapters, addressing these issues through the labour market reforms will be vital for their diversification efforts (Berrebi et al 2009:432; Baldwin-Edwards 2011:7-13).

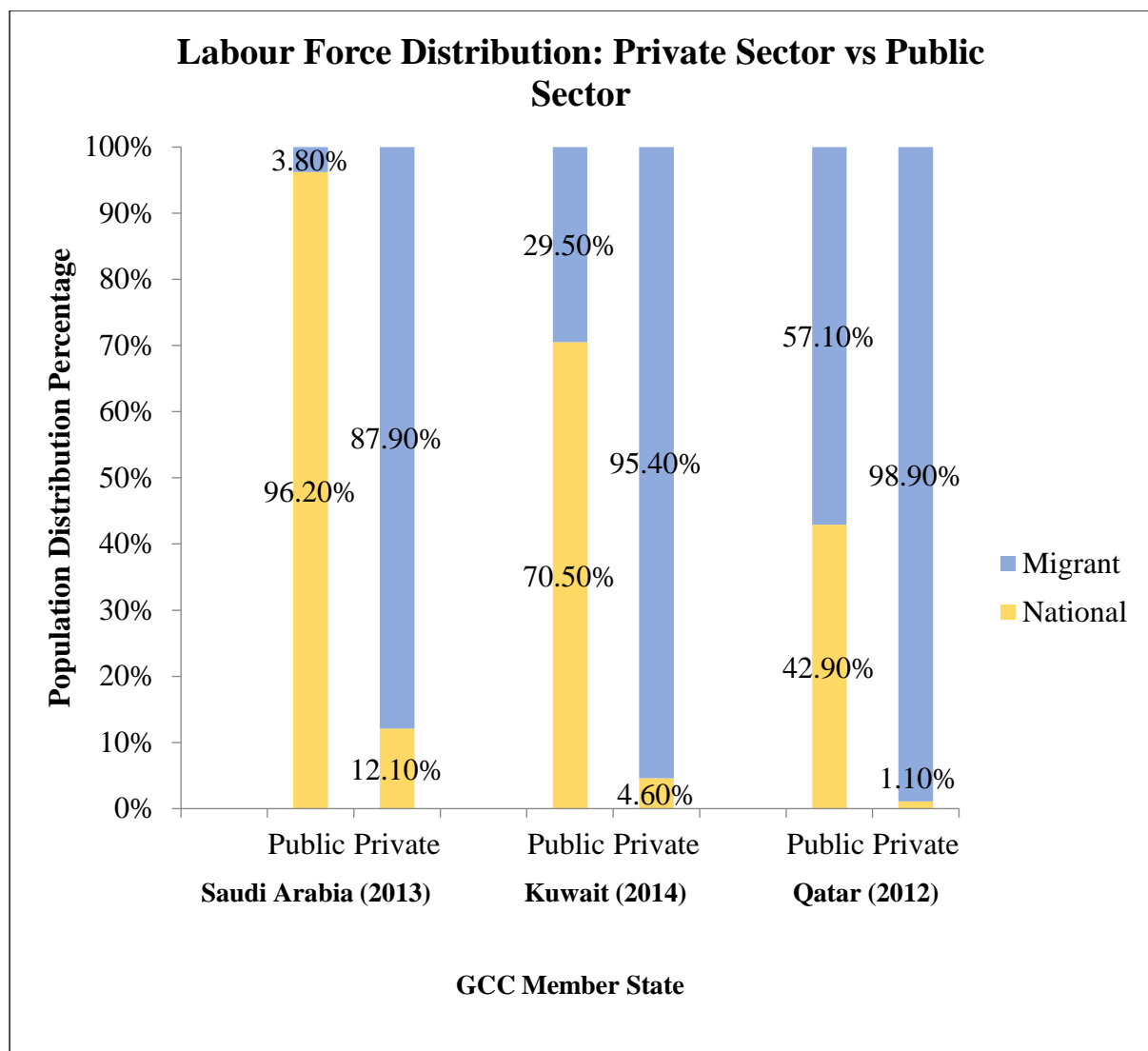


Fig.2. Labour Force Distribution (Data Source: GLMM, 2016b)

3.3.2. Low Participation and Productivity Levels

Alongside the extreme segmentation of the social and economic structures is the low participation and productivity rate of the national population in the labour market (Baldwin-Edwards 2011:7-14). There are numerous factors that have contributed to the low participation rate of the national labour force and are rooted in low female employment and early public sector retirement. In regards to low female participation rates in the labour market, which is one of the most critical issues that the political regimes must address in the present day, omitting Saudi Arabia, no other GCC state has any legislation that prohibits females from participating in the employment domain (Al Masah Capital 2012:2-5). Across the region, there are approximately 17.7 million females, of which, approximately 12.1 million are of working age (15 years of age+) (Al Masah Capital 2012:2-5). However, despite this vast labour pool offered by the female demographic, only 3.3 million are actively employed and as a result, the female population only constitute 27 per cent of the labour force in the GCC (Al Masah Capital 2012:2-5). This low participation rate is regarded to be due to socio-cultural barriers, whereby many occupations are considered to be unsuitable for the female demographic (Zoepf, 2013;

Harrod, 2014). However, it is also important to note that in recent times, their participation has significantly expanded across social, political and economic structures and thus, in the present day, 49.9 per cent of females actively engage in employment in Qatar, whilst in Kuwait, they constitute 41.9 per cent of the labour force and in Saudi Arabia, they represent 21.2 per cent (Al Masah Capital 2012:2-5). Moreover, for the government to be able to absorb new entrants to the labour market and continue the rent distributive mechanism of guaranteed public sector employment, early retirement has provided a means for the government to ensure that they are able to continue the employment of younger generations. In Saudi Arabia for example, public sector employment has a retirement age of 55, whilst in Kuwait, the national citizenry are able to retire after 20 years of service for males and 15 years of service for females (Baldwin-Edwards 2011:7-13).

In the GCC, there is also low productivity levels from the national citizenry. For example, between 2000 and 2010, approximately 7 million jobs were created across the region (excluding the UAE), of which 5.4 million were created by the private sector (IMF 2014:12). However, the migrant workforce filled 88 per cent of these roles, whilst over 70 per cent of the regions national workforce continue to seek employment in the public sector (IMF 2014:12). Whilst the nationals who do work in the private sector are generally employed in high-salaried positions such as in financial services, but more often in supervisory positions throughout the low-productivity sectors such as trade, transportation and construction (IMF 2014:12). This is rooted in the fact that over the last five decades, there has been a readily available and continued recruitment of unlimited cheap migrant labour and in doing so, has diminished the economic productivity of the national labour force (IMF 2013:15). Critically, it has also affected the skill development of the national manpower, because they have not needed to invest time and effort in advancing their skill set in order to find public sector employment (Berrebi et al 2009:432; Baldwin-Edwards 2011:7-13). As a result, this has entrenched further the segmentation of the labour market, because the private sector have continued to employ migrant labour, who are considered more economically productive and critically, disposable.

3.3.3. Structural Unemployment

Across the Arabian Peninsula, structural unemployment has emerged as being one of the modern legacies of the rentier because over the oil led development decades, unemployment has fluctuated during oil boom and bust cycles and has had significant ramifications on the employment domain and sustainable development of the region. During the 1990s, the unemployment rate amongst the national population in each GCC state was above ten per cent, but due to a dearth of reliable data, unemployment was and continues to be estimated throughout the region to stand around 12 to 30 per cent (IMF 2014:12). However, throughout the region, estimating unemployment is a difficult task, firstly due to the lack of reliable data, but secondly, the national citizenry are absorbed into the public sector even if they have no official role and therefore, are considered to be structurally unemployed (IMF 2014:12).

3.4. Conclusion: Towards the Late Rentier Politico-Economic Order

In the rentier states of the Arabian Peninsula, problems are erupting and bringing into question the long term feasibility of the longstanding oil led development model, the sustainability of their largesse welfare based social contract and the demands for socio-political reform. These states have a

burgeoning young first time employment seeking population and it is the decisions made now which either turns the opportunity into a demographic time boon or bomb. Oil is also finite and with the global oil price volatility, the region is looking towards new forms of development. Throughout the regions development Visions being announced, knowledge based economy and diversified economic powerhouse underpin their new agenda and therefore, they are no longer seeking to depend on oil to fund their socio-economic activity. This brings into question, therefore, what is next? Over the twenty-first century, it is expected that the political economies of the Arabian Gulf will shift further towards a late rentier formation and therefore, the regions policy-makers are in a complex situation whereby they need to adopt policies which successfully take them into the post-oil dependent era, whereby they are actively restructuring the labour market and role of the private sector and national labour force and therefore, addressing the distortive legacy of the rentier.

Chapter Four

Methodological Approach

4.1. Introduction

The Arabian Peninsula is a region that has continuously challenged even the most experienced researcher because there is near-constant change and transformation to the politico-economic landscape that it creates many theoretical and methodological challenges (Sullivan & Tobin 2014:5). The region is also vastly under researched due to the enduring barrier of obtaining access to the relevant organisations, individuals, data and documentation required to produce sound academic explorations (Zahra 2011:4). Therefore, to explore the emerging trends associated to the late rentier labour market governance structures in the GCC, a flexible methodological approach was fundamental. Within this chapter, it seeks to explore the comparative case study methodological approach and discuss how it was applied in this study. Through discussing the multiple data collection tools of policy document analysis and conducting interviews in a virtual setting, it will highlight how the comparative case study methodology particularly excels in investigations that seek to explore and assess a phenomenon that is active in complex, diverse and evolving politico-economic landscapes.

4.2. The Comparative Case Study Methodology: A Conceptual Justification

Comparison is inherent in scientific research, including that of the social and political sciences and through the continued adoption of comparative focused research, has historically held a significant role in the advancement of these disciplines (Sartori 1991:243-247). Indeed, there is little agreement as to whether the comparative based method should be deemed as a subfield, such as comparative politics, or as a distinct methodology (Lor 2011:1-2). According to Lijphart (1971:682), comparison is a basic research method in its own right and should be situated alongside other methods such as statistical, experimental and case study explorations and analysis. Whilst in the perspective of Sartori (1991:243) disciplines such as comparative politics should be regarded as being a scientific field that is characterised by the comparative method. Despite this method being widely adopted throughout the social sciences, there also continues to be no single definition as to what a case or case study constitutes and is therefore, determined by the researcher and the area of exploration (Lor 2011:10-12). Equally, there is a general consensus that this methodological approach is an in-depth empirical investigation, which explores a phenomenon within the boundaries of its real life milieu, where it is common place that the phenomenon and contextual setting merge and the margins between the two are not evident and clearly defined (Pennings et al 1999:50; Lor 2011:10).

Resulting from the ambiguity surrounding how this methodology is defined, this brings into question, why compare and why is it an advantageous method in studies such as this? At the basic level, comparison is used in social science studies that seek to identify and explore the similarities and differences in a phenomenon that is active across macro socio-political systems that are situated within certain territorial spaces (Ragin 1987:20; Pennings et al 1999:50). The key purpose of comparison therefore, is to understand, explain and interpret diverse historical processes that have informed significant socio-political constructs such as current institutional arrangements and politico-economic structures (Ragin 1987:20; Lor 2011:10-12). Comparative research is also interested in understanding the socio-political landscape in a small number of individual cases and explaining the

diverse historical experiences and emerging trends surrounding the phenomenon within the national context (Lijphart 1971:685). For example, in studies which explore national politico-economic systems such as the rentier states of the Arabian Gulf, as the number of cases available are restricted, then the comparative method has to be drawn upon to conduct the study (Lijphart 1971:685). This method is conducive for studies that seek to understand a phenomenon in the individual case study country context, whilst also exploring the phenomenon in relation to other variables and a small number of cross-country cases (Lijphart, 1971:685-688). Importantly, the comparative case study has no unique methodological issues that differ from other social science research approaches and thus, is advantageous in the view of a positivist perspective, because it suggests that this method enables for robust studies into how political economies and societies function (Ragin 1987:21; Lor 2011:2-4)

To conduct comparative research, both Lijphart (1971) and Sartori (1991) suggest that there should be some form of control of the variables and the cases under investigation. One strategy advocated is through the most similar design approach, whereby the comparative analysis is focused on cases that share a large number of similar significant variables and characteristics, which are treated as the constants, whilst also having varying features of the phenomenon under investigation (Lor 2011:15). This methodology is also advantageous in qualitative investigations which have a 'how' and 'why' thematic line of enquiry and seeks to intensively explore the phenomenon within complex socio-political contextual conditions, such as the focus of this study, because the methodology offers flexibility in the data collection apparatus used (Lor 2011:5-7). This is conducive for comparative research, because through observing the phenomenon through the lens of different data sources, it contributes to the construction of a holistic narrative and successfully delineates the similarities and variations within the phenomenon that is active in a small number of cases and therefore, contributes to theory building (Lijphart, 1971:685-686; Sartori, 1991:254).

Indeed, as the comparative case study continues to be ambiguous and has some longstanding drawbacks, this is inhibiting the methodology from having a stronger status as a scientific method (Lijphart 1971:691; Lor 2011:1-2). According Lijphart (1971) and Sartori (1991), they both note that as the comparative case study generally focuses on understanding a phenomenon in great detail in a small number of cases, this sacrifices general conclusions to be made that are applicable to the phenomenon which is active across a large number of case and therefore, the comparative study generally 'knows more and better about less' (Sartori 1991:253). In the perspective of Lijphart (1971:691), as scientific research is a generalization focused activity, adopting the use of singular cases to explore the phenomenon should be considered as neither the basis to make substantial generalization, but also, not able to disprove well established generalized conclusions (Lijphart 1971:691). To overcome this issue associated to comparative studies, the researcher should increase the number of cases to be investigated in order to discover the robust relationships and diverging trends amongst the selected variables and cases (Lijphart 1971:686). Whilst according to Kamrava (2008), comparative political studies are not required to produce a paradigm, but they should be able to construct explanations that further develop testable theories. Therefore, political economy scholars often draw upon the use of qualitative based methods such as the comparative case study, because through its application, it facilitates the deconstruction, exploration and reconstruction of the phenomenon under investigation and is a valuable mechanism to build upon and develop theory (Pennings et al 1999:50; Lor 2011:10). Accordingly, as a primary objective of this study is to theoretically and empirically contribute to the taxonomy surrounding the emerging late rentier labour market governance structures in three GCC states, this methodology was deemed amenable in facilitating the construction of a robust comparative analysis and an empirical based narrative.

4.3. Central Research Aim and Questions

This study seeks to empirically explore how three selected GCC member states are attempting to transform their oil-based political economies into diversified late rentier formations. To conduct this research, the transformations taking place within the rentier political economies was viewed through the particular lens of the governance of the labour market, because it is within this domain where the changing roles and nexus between the state, private sector, national and migrant demographic groups are evident. For a structured and focused comparison on the emerging trends surrounding the late rentier labour market governance structures in the GCC, constructing well-defined questions was vital for a robust empirical based inquiry. Accordingly, the following five key questions were set to guide this exploration;

- 1) Who are the key stakeholders involved in the policy formulation and implementation process?
- 2) What are the key labour market policies implemented in Saudi Arabia, Kuwait and Qatar?
- 3) Are the selected policies successfully restructuring the labour market towards a 'late rentier' structure? If not, what is impeding their implementation?
- 4) How are the labour market reforms contributing towards the late rentier development visions?
- 5) What are the proposed next steps of the current labour market reforms?

With each question addressing certain aspects of the governance of the national labour markets, they contributed to delineating the similarities but more so, the variety of late-rentier politico-economic structures emerging in the region and the diverging future developmental paths of three selected GCC member states.

4.4. The Case Study Selection: A Justification of Saudi Arabia, Kuwait and Qatar

In comparative case study explorations, a fundamental area of consideration is in the selection process of the cases themselves, whereby they need to be representative of the phenomenon and selected based on their applicability to the research questions and objectives (Lor 2011:12). In studies that focus on a politico-economic phenomenon, it is analytically productive to examine a small number of cases, as it enables for a greater understanding of the characteristics and construction of a conceptually robust and legitimate narrative (Lijphart, 1971:689; Lor 2011:14). In this study, as it is focused on the particular emerging late rentier structures in the GCC, three of the six member states were selected. Saudi Arabia, Kuwait and Qatar were chosen, because their national governments have all been actively implementing the restrictive Kafala sponsorship system and their own local variants of the nationalisation policy. Within each labour market governance strategy adopted by each of these cases, they share the common objective of reducing the presence of the labour migrant population, whilst increasing the role of the national workforce in the private sector. However, due to the different requirements of the national labour markets and wider political economy, the regulatory mechanisms adopted under these policies differ to suit the national politico-economic context. In the case of Kuwait, a small city rentier state, it is a prime example in the GCC where the socio-political landscape has been transforming towards a late rentier structure for a long period of time (Ehteshami & Wright 2007:913-15). Whilst the Kingdom of Saudi Arabia is one of the world's largest and richest petroleum

exporting economies and have a dominant global socio-economic and political influence and therefore, transforming into a late rentier structure, albeit necessary, holds greater risk to their politico-economic standing (Torofdar 2010:1). Finally, Qatar is the globe's most affluent rentier and ranked as one of the world's wealthiest economies and is the most recent and proactive GCC member state which is seeking a late rentier development model (De Bel-Air 2014:2). In selecting these three case study countries and exploring their individual emerging late rentier labour market governance structures, this contributed to delineating the emerging variety of late rentier political economies in the region.

4.5. Data Collection: A Mixed Approach

Underpinning the methodological and data collection design of this study was the issue surrounding data availability and accessibility which is a major challenge for any Middle East based research (Zahra 2011:6-8). To conduct a robust investigation, where the data collected is accurate and truly representative of the phenomenon under investigation within its contextual setting, it was imperative that when deciding what methodological approach to adopt, it was conducive to multiple forms of data collection techniques. Therefore, the comparative case study methodology was selected, because it advocates the extraction and accumulation of both quantitative and qualitative evidence through the adoption of numerous data collection apparatus such as the analysis of policy documents, archival records, mass media article and conducting interviews (Lor 2011:18-19). Reinforcing the decision to adopt the use of multiple data gathering tools, which is vital for comparative based research, is that the phenomenon in question has a greater probability in retaining its core characteristics and contributes to the study being more robust and truly reflective of the issue under investigation (Pennings et al 1999:50). Accordingly, the primary sources of data for this study have been extracted from a policy document analysis and elite semi-structured interviews. Within this section, these data gathering apparatus that were adopted for this study will be individually discussed and reflect upon their applicability for conducting research in political economies which are undergoing sweeping reforms and experiencing socio-political instability.

4.5.1. A Policy Document Analysis: Exploring The Legal framework Of the Labour Market Reform Policies

Conducting a policy document analysis is beneficial for investigations that focus on political economies that are undergoing reform because the tool is non-reactive and unobtrusive and as the information extracted is not impacted by human actions and socio-political instability, the data obtained is truly reflective of the issue under investigation (Lor 2011:10). Another benefit of conducting policy document analysis is that the published information is a stable source and once obtained, can be continuously re-reviewed and contribute to the clarification of facts during the comparative based analysis (Pennings et al 1999:50). As multiple forms of documentation can be drawn upon, it also creates a comprehensive understanding of the socio-political and economic forces that have informed the transformations taking place. Due to the nature of this form of data collection, this tool was adopted for this research because to effectively observe and identify the emerging trends associated to the late rentier labour market governance structures in three GCC states, it was fundamental to analytically explore the national policies that have and are contributing to the late rentier formations. As this study particularly focuses on the labour market, the regionally advocated

and adopted Kafala system and Nationalisation policies were explored in the context of each case study country. Furthermore, through analytically observing the labour market policies prior to conducting the semi-structured interviews, it provided an in-depth understanding into how the policy goals and stipulations have evolved over time and sought to address and regulate the demographic and labour market trends experienced by the GCC states (Yin 2009:240).

4.5.1.1. The Issue of Data Availability and Sources in the GCC

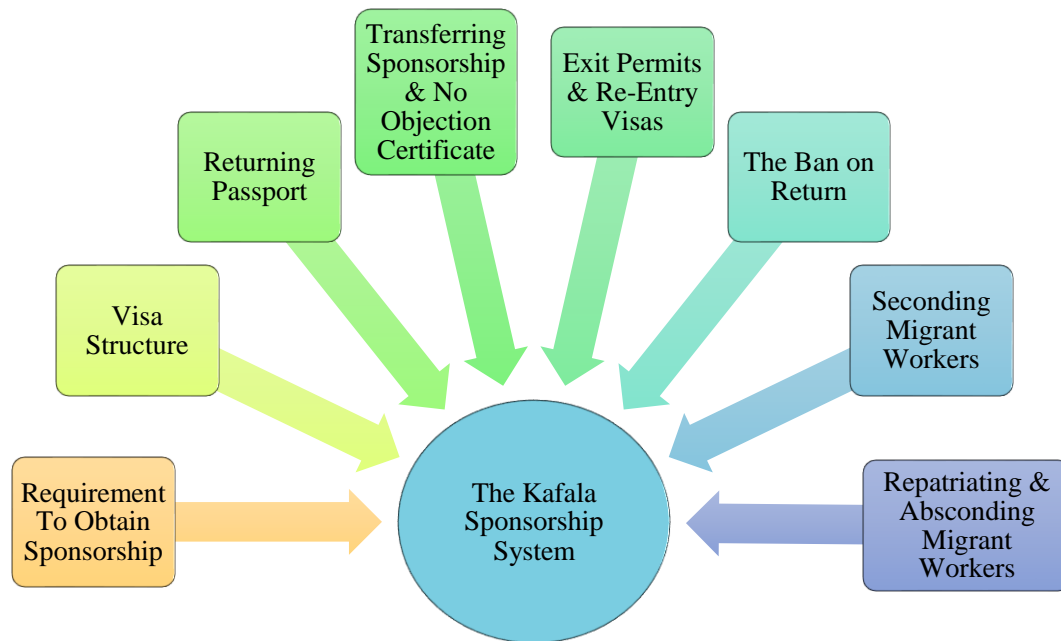
In recent years, innovative research has been conducted on the evolving demographic and labour market governance of the GCC and has provided much needed evidence based analysis to the literature. However, despite there being greater impetus for academic based explorations surrounding the demographic debates and unique governance of the labour market adopted by the national polities of the GCC, there continues to be a severe dearth of official statistics and policy documents which contribute to a sound and comprehensive analysis (Baldwin-Edwards 2011:2-7). Due to the restricted availability of official demographic and labour market data, which is often extracted from multiple sources, this has also created fragmented data sets which are often contradictory, have large data gaps and more so, questioned for its reliability (Baldwin-Edwards 2011:2-7). This makes investigating the labour markets and political economies of the GCC states an extremely difficult task and continues to be a barrier to the research process (Zahra 2011:6-8). To overcome this challenge, the qualitative and quantitative data and documentation was collected from multiple sources. For example, data and information was extracted from official legislation, governmental censuses and administrative reports, archival records and reports from international sources such as the International Labour Organisation (ILO), World Bank and United Nation Agencies (UN). Mass media sources were also drawn upon, because they are a mainstream mechanism that informs the citizenry about the labour market reforms taking place. Through extracting data from these sources, it provided a significant insight into understanding the emerging late rentier labour market governance structures, because it placed the issue in a historical, contemporary and future contextual setting (Yin 2009:240).

4.5.1.2. The Selected Labour Market Governance Policies and Units of Analysis

The Kafala system and Nationalisation based policies have been the primary focus of this investigation, because through their concurrent application to the labour market, are integral in transforming the regions political economies. Although the same labour market strategies are being applied across the Arabian Peninsula and share many structural similarities, they do differ in their stipulations and implementation strategies to suit the national politico-economic landscape. The policies also vary in regard to their historical role in the national development agenda, for example, Saudisation based programs have been at the vanguard of Saudi Arabia's development plans for decades, whilst Qatarisation is currently emerging as a key policy area. Therefore, to obtain a truly reflective account of each individual labour market reform policy, whilst constructing a sound narrative that is conducive to the comparative section of this investigation, it was fundamental that pre-selected variables were identified to consistently guide the policy analysis for each case study country.

The objective of the Kafala system is consistent throughout the GCC member states, whereby it is adopted to restructure the labour market by regulating the socio-economic mobility of the transient

migrant labour force. Therefore, the pre-selected units of analysis was informed by previous knowledge that the system regulates the complete labour migrant process which consists of their recruitment, visa application, migrant- sponsor nexus, exit and re-entry to the countries under investigation. The variables that guided the policy analysis of the Kafala system are identified in Fig.3.



(Fig. 3: The Kafala: Units of Analysis)

The GCC states are also actively pursuing the manpower replacement programs of nationalisation to reduce the regions extensive and deep-rooted dependence on migrant labour, whilst restructuring the labour market towards the private sector being a major employer of the national workforce. Although Saudi Arabia, Kuwait and Qatar are implementing the same strategies, they do differ in their stipulations and implementation mechanisms. Therefore, as identified in Fig. 4, the units of analysis were selected to extract comparative policy information and data, whilst being flexible in its adoption to be conducive in identifying the differences in the policy framework and national post-oil development agenda.

Through adopting the units of analysis for each labour market reform policy identified, it was successful in constructing a comprehensive narrative of the national labour market policies, where the similarities and differences were identified. Through the extraction of the relevant policy based information, this contributed to the thematic line of enquiry that guided the semi-structured interviews. Adopting these units of analysis was also conducive in delineating the ramifications of these policies and how they are contributing to restructuring the labour market towards late rentier formations.



(Fig. 4: Exploring The Nationalisation Policy: Units Of Analysis)

4.5.2. Elite Semi-Structured Interviews: Exploring the Transforming Governance of the Labour Market in Practice

Conducting elite semi-structured interviews is essential for case study explorations, because if constructed and organised correctly, can generate invaluable evidence and primary data (Yin 2009:240). This methodological apparatus was drawn upon, because interviews can be adjusted in terms of their duration and question focus but more so, as it is a flexible tool, can be altered to suit political economies which are experiencing socio-political unrest (Bryman 2008:24-33). The interviews also acted as a means of confirmation of the factual information identified in the policy document analysis and thus, contributed to a robust comparative analysis. Because through acquiring the perspective of different stakeholders, this enabled for rich informative data to be accumulated and led to the research presenting a real understanding of the central issues raised throughout this study and contributed a primary data based analysis to the late rentier literature (Zahra, 2011:2-5).

4.5.2.1. The Interview Participants: A Cross-Sectional Sample

To successfully synthesise the perspectives surrounding the emerging late rentier labour market governance structures, four key stakeholder groups were selected based on their role and expertise surrounding the policy design and implementation of the labour market reforms. Firstly, individuals in the national government were selected, due to their direct involvement in the policy design process and informing the future development trajectory of the case study countries. Private sector actors, who either own a business, are a senior manager or involved within the human resource department within the corporation of which they work, were also selected due to their direct involvement in the policy implementation process. Legal advisors were selected because they were able to offer a comprehensive viewpoint on how the policies have evolved and are implemented. Whilst senior-economic advisors and academics offered both their theoretical expertise and practical experience on the labour market reforms and transforming political economies. In each country, eight in-depth interviews were conducted, of which there were two participants from each category. As shown in Fig.5, the participant's stakeholder group, institution, the date the interview was conducted and the pseudonym applied to give the participant anonymity is identified. The main objective of these

interviews was to acquire in-depth quality information and therefore, interviewing eight elite individuals with direct interaction with the governance of the labour market was considered sufficient for this study, as it was supported by the data extracted from the policy document analysis.

Participant Category	Saudi Arabia	Kuwait	Qatar
Governmental / Policy Based	Abdul: Consultant Ministry Of Labour (20/01/14) (National)	Omar: Policy Advisor Ministry Of Labour (10/06/14) (National)	Ali: Senior Consultant Ministry of Labour (15/07/14) (National)
	Fouad: Senior Consultant Ministry Of Economy & Planning (24/02/14) (National)	Mohammed: Senior Policy Consultant Ministry Of Labour (7/03/14) (National)	Saadi: Senior Policy Advisor Ministry of Economy & Commerce (29/05/14) (National)
Legal Sector (Lawyer / Legal Advisors)	John: Corporate Lawyer To External Human Rights Agency & International Legal Firm (6/04/14) (Non-National)	Oais: Corporate Lawyer to Government & Private Sector (19/05/14) (National)	Amir: Lawyer Workers Rights & Business Based Organisation (25/07/14) (National)
	Karam: Legal Advisor For A Private Sector Legal Consultancy Firm (14/06/2014) (Non-National)	Abid: Corporate Lawyer To External Human Rights Agency (11/02/14) (National)	Karen: Legal Advisor To An External Human Rights Agency (7/06/14) (Non-National)
Private Sector Actor (Business Owner / Managerial Position)	Nadir: Business Owner In Telecommunications Sector (15/08/14) (National)	Mustafa: Business Owner in IT (29/07/14) (National)	Thomas: Business Owner in IT (29/08/14) (Non-National)
	Andrew: Gulf Managing Director IT company (28/06/14) (Non-National)	Mary: HR Manager In Financial Services (24/03/14) (Non-National)	Danah: HR Manager in IT Sector (10/05/14) (National)
Senior Economic Advisor / Academic	Habib: Senior Consultant ILO (19/04/14) (National)	Zahra: Advisor for a UN department & Gulf Research Institutes (12/7/14) (National)	Leila: Senior Consultant: ILO & Qatar Foundation (19/06/14) (National)
	Asim: Consultant: Institute of Public Administration & (15/03/14) (National)	James: Senior Consultant ILO (1/08/14) (Non-National)	Stephen: Advisor: Qatar Foundation (24/05/14) (Non-National)

(Fig. 5: Interview Participants Profile)

4.5.2.2. Reflections on the Interview Process: The Experience of Interviewing In a Virtual Space

Initially, when designing the methodological approach for this investigation, it was informed by academic literature and my own pre-conceived notions as to how one should conduct research in the Middle East. Resulting from my own longstanding lived experience of Saudi Arabia and travel throughout the MENA region, I understood the power relations that existed between both the female and male population. I was also well versed in the cultural milieu, where deep-rooted religious Islamic tradition would inform how I could conduct the research and interact with the participants, especially in the extremely conservative Kingdom of Saudi Arabia. Therefore, when originally designing the methodology, strategies were adopted which would enable for me to conduct the empirical aspect of this study. For example, to conduct interviews in Saudi Arabia, a male representative, namely my father was to assist in the interviews, who also had a longstanding lived experience of residing in Saudi Arabia and working throughout the region and could be classified as an 'insider'. However, with the ramifications of the 2011 Arab Spring still rippling across the region, this exacerbated the already difficult access barriers and suddenly, I found myself adopting the virtual meeting place out of necessity and as a last resort. In this section, it seeks to reflect upon my experiences of the process of accessing the elite individuals and the experience of conducting interviews in the virtual meeting place.

4.5.2.2.1 The Process and Practice of Access

To conduct empirical research in the Arabian Peninsula, one must reflect upon the issue of access, because undertaking empirical based academic research is often problematic, even during times of socio-political stability, whereby there is a great obstacle in terms of accessing the relevant organizations and individuals who are involved in the area under investigation (Zahra 2011:6-11). As this research sought to explore the transforming political economies of the rentier GCC states through the particular lens of the governance of the labour market, it was crucial that the interviews comprised of individuals directly involved in this subject area, so policy makers in the relevant governmental departments, private sector actors and advisors to labour based organisations. Therefore, when designing the methodological approach, reflecting upon the process and practice of access was fundamental in creating a strategy that would overcome the deeply embedded access barriers and thus this study adopted as many different, yet relevant, access avenues as possible in order to successfully contact the relevant elite actors.

To access the potential interview participants, it was important to firstly have a strategy of how contact was to be made. The mechanism adopted was an email, which was written in a respectful manner, with a brief written overview of the research and what themes the interviews sought to explore. Through writing an e-mail to potential participants inviting them to contribute their narrative, this allowed them space and time to decide if they would like to give their perspective without pressure, which could have been the case if I contacted them via a phone call. More so, through emailing, this not only enabled them to reflect on how they would like to participate, but it also opened up dialogue between myself and the participant, because some individuals came forward wanting to agree the terms surrounding anonymity and how the research was to be used. Through this written platform, it acted as an initial gateway to the participants, but also as an area where the terms surrounding research ethics such as anonymity and conditions of continued access and participation was agreed upon.

In order to disseminate the emails to relevant individuals, numerous access avenues were drawn upon. Firstly, for junior researchers such as myself, there is often limited social capital and professional contacts to draw upon, compared to the more senior professional researcher. Equally, drawing upon one's own existing social networks and contacts is a favorable approach in gaining access to potential elite participants, because not only does this increase the response rate, but it is a readily available source of information with less barriers to overcome, such as having to meet the bureaucratic requirements of gatekeepers. Thus, this method was selected because I already had access to potential elite participants, especially in the national governments and influential actors in private sector companies. In doing so, I contacted these individuals first via email, stating the purpose of my research and if they could assist by participating and/or putting forward any individuals they would consider beneficial for the study. The majority of participants speedily responded, stating that they would participate, but also that they knew individuals with greater expertise and experience in the subject matter being explored.

For example, on numerous occasions, I emailed my personal contacts that work in governmental departments relating to the labour market, manpower and economic planning. They were favorable to participating in the interviews, on the basis of being made anonymous, but suggested that although they were involved in the policy development process, they professionally and personally knew other individuals who held a more influential position. Thus, they would offer a more robust and representative narrative of the government's position in the governance of the labour market and their new diversification agenda. As a result, my personal contacts that had a social and professional relationship with individuals higher up in the elite network, would email them, carbon copying me in, and with the purpose of it being an introduction. Through this snowball process, it clearly exemplified the power and influence of 'wasta' (nepotism), because not only did the recommended participant agree to give their narrative in an interview and be part of an academic study on their professional area, but many also agreed because I was a 'friend of their friend'. Thus, continuing the wasta based nexus that underpins many socio-political activities in the Arabian Gulf.

Equally, to get the right eight participants, who have direct knowledge and experience in the policy design and implementation process, I also made contact via email to relevant governmental ministries, private sector companies, labour market and human rights organisations, public policy focused universities and legal companies who specialize in issues such as labour policies, workers' rights and issuing international commentary on the economic planning of the countries in question. Numerous influential figures responded who agreed to participate, whilst also offering the contact details of other important stakeholders who they considered would add a valuable narrative to this study. In each instance, the list of names and details put forward had a minimum of six suggestions, all of whom, could be considered to be the 'golden' participant due to their role in the governance of the labour market and influence in the politico-economic transformations taking place. However, they all requested that I did not inform their suggested participants of who gave me their details and thus, expand the anonymity method to this aspect of the access process too. It is important to note however, that when contacting these recommended individuals, it was through their official and professional email address and was part of a large publically available database if robustly searched for. Thus, as these participants often get emails for their commentary on governmental affairs, as noted by themselves in their response, they replied positively to my contact and agreed to participate.

4.5.2.2.2. The Experience of Interviewing: The Semi-Structured Thematic Line of Enquiry

As the purpose of the in-depth interviews was to elicit information that would contribute to a holistic understanding of the governance of the labour market and transforming political economy of the selected GCC states, a thematic line of enquiry was created to ensure that the interviews were focused and in the parameters of the objectives of the research, as shown in Fig.6. The thematic areas of investigation were selected to guide the interviews and provided the framework of the empirical based chapters, because these issues combined comprehensively address how the GCC member states are regulating their labour market, whilst attempting to transform towards a post-oil dependent politico-economic structure.



(Fig.6: Semi-Structured Interviews: The Thematic Line Of Enquiry)

Once the time came to conduct the interviews, I would log in to the virtual meeting room and proceed with calling the participant. At the beginning, I would introduce myself by stating who I am, what academic institution I am part of and reiterate the purpose of the study and what the interview sought to explore. I also highlighted how the data will be used, disseminated and critically, confirm once again their anonymity. This initial communication attempted to instill a sense of trust, whilst ensuring there was a common understanding about what the interview set out to achieve. When the introductory pleasantries were done and the questioning was about to start, I asked the participant to confirm that they still agreed to be recorded and emphasised that its sole purpose was to be used to write up the transcript and would be disposed of as soon as this process was completed. They all agreed and the questioning commenced.

An essential component of conducting interviews is the verbal communication, because it is within this interaction where topics can be critically explored and therefore, the form of questioning is crucial (Hitchcock 1989:79). In this study, the interviews were designed around a semi-structured format, primarily due to its fluid nature and therefore, the conversations were guided by both the central research questions of this study, but also responsive to the answers given by the participant (Sarantakos 2005:41-47). I would begin the interview with single questions, where I focused on minor issues such as clarifying the interviewee's professional role and their knowledge on the specific labour market policies by asking '*...could you tell me what the Kafala sponsorship system / Nationalisation variation entails...?*' Through beginning with single topic questions, this was conducive in opening up dialogue and creating rapport, but it also enabled me to gauge their knowledge on the central policies under investigation. It also acted as a form of clarification, because some participants were directly involved in the creation of the policies, especially the nationalisation strategies and therefore, I was able to confirm for example what the exact categories of the Nitaqat are, due to various official reports stating different names such as excellent, platinum and premium.

Once the initial introductory single-subject areas of exploration had been discussed, I began to ask the open-ended questions, of which does not-predetermine the answer and in doing so, should allow the interviewee to provide a narrative based on their individual experience (Patton 1987:122-3). As this research sought to provide original primary data as a contribution, it was critical that the interviews were a platform of reflective discussion on the governance of the labour market and therefore, alongside adopting open-ended questioning, I used the technique of funneling (Cohen & Manion 1994:277). For example, I started the interviews with a more generic question surrounding the issue of the policy formulation process and gradually sought to explore the policy implications on the labour market structure, barriers to reform and finally, how the governance of the labour market is situated within the new development model of their country in question.

Accordingly, when discussing the policy formulation process, I would ask '*...who do you consider to be the key stakeholders in the governance of the labour market policy formulation process...?*' Most participants responded immediately with a list of governmental ministries and would then stop without giving a narrative on any other potential stakeholders. I would then respond with a follow up question such as '*...Ok, so what about other actors. Take the private sector / society for example, can they influence the labour market policy decision making process...?*' Some participants were set on their perspective that it was only the political elite involved, but others reflected and gave a narrative on their perceived capacity of other non-political actors. Whilst in some instances, when a question was asked, there would be a long silent pause. I would wait long enough to see if it was the participant reflecting on their potential response, whilst attempting to gauge their facial reaction to see if they simply didn't want to answer the question. More often than not, their silence was just a reflective pause and through asking a subsequent probing question, a narrative was given. For example, I would ask '*what do you think the future of the labour market policies are?*'. Some responded with an instant answer, but for others, I had to ask a probing question of '*could you tell me what you think the next amendments to the Kafala system / Nationalisation policy will be?*' Through reframing the question, I had a better response from the participants, because they would offer a narrative on the proposed next steps of each policy and were often quite critical of the Kafala system.

Due to the socio-political sensitivity surrounding the subject matter, there were times when the silence would mean that the participant did not want to disclose the information. Prior to conducting the interviews, I understood the sensitivity surrounding the issues being explored and therefore, to ensure that I did not make the participants uneasy about responding, I asked questions that were not too

direct and socio-politically insensitive. However, when I asked the particular question of *'have the labour market policies in your view been successful?'* in each case study country, at least two participants did not want to initially respond to the question. Some would verbally express their unease at answering the question, especially the participants from the government. Whilst other participants would express their apprehension with a resounding *'...Umm, oh...'*. To maintain rapport, I would swiftly move on by proceeding with an *'ok, let's discuss another aspect...'* and the interview would continue. Interestingly, through moving on to another subject, this created a mutual understanding and respect that we both acknowledged the sensitivity of the issue and through taking away the perceived pressure that I expected a response, they would after discussing numerous other issues, go back to the question on their own accord at the end of the interview. Therefore, the interviews were conducive in building a comprehensive narrative on the issues explored.

4.5.2.2.3. The Role and Experience of Interviewing In the Virtual Meeting Place: The Influence of Space

According to the methodological literature, the researcher should be reflective on the location of the interview, because the space in which it is conducted will inherently influence the type of information and details the participant is prepared to disclose (Harvey 2011:10). Therefore, when finally choosing to adopt the virtual interview apparatus out of necessity, there was an underlying concern of how it would impact the quality of data obtained, ranging from the depth of detail of the interviewees narrative on the subject matter, to behavioural observations that are intrinsically part of the interview process. More so, I had to question and reflect upon how being in a virtual sphere would impact the interaction between the participants and myself. Questions arose surrounding how would I introduce myself and greet the participant without a handshake? What would be the indication that the participant is ready to move on to the next question or how could I gauge their response to a question and if they are uncomfortable and would rather not answer it without being verbally stated? I was questioning therefore as to whether virtual interviews was the best solution to the access barriers.

These questions and concerns soon disappeared after conducting two of the twenty-eight interviews, because I was surprised at how interactive the virtual space was and how it heightened my observational skills. As the interviews were of the video call variety, I was able to see a close up of their facial expressions and how the space around them impacted their behaviour, voice and in some instances, their responses. Instead of conducting the interviews face-to-face in a formal setting, I found myself in the participant's homes, cafes and workplace. I felt their prolonged silence, their anxiety when people would walk past their office or table and would take note when they would randomly end the video call when they felt uncomfortable in their setting, only to ring back a few minutes later with ear phones in and situated in a different part of the room. Instead of a formal handshake, many participants from private sector actors to government officials introduced themselves with a wave or a nod of the head and so, hand gestures became a critical component of observation. But one thing was clear and a common theme across each case study country, the space in which the interview took place significantly influenced the participant's conduct and what they felt they could disclose.

It is advocated that elite interviews should be conducted in the participants workplace office, because they are more likely to focus on the interview and less likely be disrupted by people and surrounding activities (Dexter 2006:10). As the participants of this research were able to choose where they placed their computer and sign in to the virtual meeting place, over half of participants chose their office as

the space to conduct the interviews. For many, especially those in government, this environment was conducive because in the confines of their own office, they were able to talk confidently about the subject matter and was very official in their conduct, whereby they often appeared to be representing the views of the ministry they worked for. So for example, when discussing the policies and what they entail, they gave a strong narrative based on what the legal framework and development plans say. So much so that some of their responses were word for word in line with the official documentation. However, when asked for their opinion on the policies in practice for example, as they were being more reflective in their response and having to consider the actual results of the quota system, many lowered their voice volume. Although they did not say anything incriminating and in great opposition to the policies and more importantly for them, to the government, it was clear in their change of voice and body language, where they were moving their hands more and responding in a apprehensive and questioning manner, they too had reservations on the effectiveness of the current labour market reforms, although their responses did not always directly state it.

Whilst in other instances when the participants were in their office, it was a more restrictive environment and were more apprehensive to disclose information. This was primarily due to the fact that they were aware of other people in offices next door and had a fear of either being overheard or that they should be doing their assigned work and not undertaking external duties such as participating in an interview (Dexter 2006:10; Harvey 2011:10). For example, when conducting interviews with private sector actors and numerous policy advisors, they would stop mid-conversation when someone would walk past the door and stop conversing until they had gone. On many occasions, the door was not closed at the beginning of the interview, but as soon as the interview got to the second and third theme of the policy formulation process and role of different actors, they all decided to close the door. Once closed, this changed their demeanour slightly, because it appeared they felt they had more privacy. This was particularly evident in numerous cases where when the door was open, they would decline to answer a question or give a brief response, especially related to the themes raised in the policy formulation process and policies in practice section, stating that they '*cannot really say and give a judgment on the matter*'. However, I noted that as soon as the door was closed, they became more responsive and gave greater detail in their response and even went back to the questions they initially declined to answer.

Interestingly, when I was still writing up the transcript, numerous participants who were in their office when the interview was conducted sent me more details to add to certain sections, especially the role of the private sector in the policy formulation process and the dubious employment practices socio-economic actors adopt. In one correspondence, for example, a participant was aware that he was in his office workplace and felt like the '*walls were listening*' and therefore, couldn't go into great detail due to the socio-political sensitivity and implications it could have on his employment. Therefore, as this participant was one of the first interviews I conducted, I recognised early on that it was important that after discussing the subject matter in the virtual meeting place, it was important for each participant to receive a written transcript for him or her to review. In many instances, they took this as an opportunity to clarify some points they had made and to also add further details and as a result, this was an effective strategy in accruing more information that they originally felt uncomfortable to disclose due to their chosen location of the interview.

Due to the flexibility in holding a virtual interview, whereby they could be conducted at any point of day to suit the availability of the participant, I also found myself occasionally in the living rooms of the participants' home. It is usually discouraged to conduct interviews in a home setting, because there is a greater chance that the interview will be interrupted by family members moving around the

area and is usually more tolerated, compared to if the participant was in their work office (Dexter 2006:10). In my experience, I would concur that this was the case, because on two occasions, one in Saudi Arabia and one in Qatar, the participants' children interrupted the interviews. These interruptions did briefly slow down the process, especially when the children came to the screen, because they wanted to be introduced. Out of politeness, I had a brief conversation with them and then they went on their way. I would say this interruption added a dynamic to the interview, whereby through meeting the participants' children and briefly interacting with them, it bought a sense of humour and social dialogue to the interview and made the rest of the process more conversational based. By holding the interview in their home, it was notable how confident and detailed they were in expressing their views and was able to expand on their responses if asked to. Critically, I was also able to broach the more socio-politically sensitive questions and ask them to expand on for example, why they view quotas being imposed on them instead of it being a mechanism that contributes to the national diversification agenda. Therefore, despite these interruptions, through adopting the virtual meeting place, I was able to conduct comprehensive interviews in a sphere whereby the participant was at ease and talked freely and openly on all subject matters raised (Harvey 2011:10). As a result, the interview data obtained from individuals in the home setting was more comprehensive in its detail with greater personal opinion put forward.

An interview was also conducted in the more neutral venue of a café, which was a very insightful space, because the participant was one of the most influential elite actors involved in this research, but was very aware of their surroundings and it significantly influenced our interaction. It is often suggested that if interviews are to take place in public areas such as a café, then it is best to avoid areas that are too noisy, which will make it difficult to communicate clearly, whilst avoiding silent areas, which can make participants tentative about disclosing any sensitive information and opinion (Harvey 2011:10). However, as this was a virtual interview, I had no control over where they would position themselves and had to adapt to the situation once I processed the video call. Initially, when we greeted each other, the participant was sat in the middle of the room but near a wall pillar, with people continually walking by and through a door that was in my sight. Not too quiet, but not too busy. We started to discuss the first theme of the policies and although speaking quietly, he gave an insightful narrative of the evolution of the Kafala System and Qatarisation policy. As we started to get to the end of discussing the first theme, he started to look around more and observe who was in the café. I sensed his trepidation, because his voice lowered and he suddenly stopped speaking. I noticed some men walk through the door and all of a sudden, the video call was disconnected. Due to observing the activity around him, I decided to wait to see if he would call me back. After a five-minute wait, he did call back, but in a different location of the café and with earphones in. He apologised for cutting the video call, but stated that his colleagues had walked passed and started up a conversation with him, ironically about the Qatarisation policy and Vision 2030. Thus, as they did not know he was assisting me in my study, he thought it best to end the call and re-position himself in the café and in doing so, made him in his own words *'feel more comfortable because I can see who exactly is around me'*. Through relocating and using earphones, he became more at ease but would still hold the microphone close to his mouth so he didn't have to speak loudly. Resulting from this interview, I was able to get a sense that despite the influential position of the elite participant, if the subject matter being discussed in a public sphere is a highly socio-political contentious issue, this will influence what they disclose and how they conduct themselves in the interview (Harvey 2011:10)

Through conducting the interviews in the virtual meeting place, it was a more enriching experience than originally thought. Because though it was adopted out of necessity and a mechanism that

successfully addressed the access barrier, it in fact became a sphere of interactive questioning and discussion. As the interviews were conducted in numerous spaces, from the formal setting of an office, to the more informal space of the home and café, it was extremely evident how the interview location inherently informs the type of details and information disclosed by the participant, especially surrounding highly socio-politicised issues. For example, if the space allows for the participant to confidently discuss and disclose sensitive information, as found in the case of the home based participant in this study, then the interview will raise all matters, with little edits of the transcript required. Whilst if the participants want to disclose sensitive information, but are inhibited due to their surrounding environment such as the café and in some instances, the workplace, then enabling the participants to review and add additional information to their transcript can be a beneficial mechanism to add an additional narrative and insight. The virtual meeting place was also a favourable apparatus due to its flexibility, because some participants were unable to participate at their selected time and date and therefore, we were able to reschedule the meeting. But it was also flexible in terms of that the participant was able to end the call and relocate to a space that they felt more comfortable in.

4.5.2.2.4. Conducting Interviews as an Insider vs. Outsider

The role of a qualitative socio-political scientist is a paradoxical one, because as the researcher, one is to be aware of how their biases and preconceptions can influence their understanding of the phenomenon under investigation (Dwyer & Buckle 2009:55). Whilst at the same time, the researcher is also to be acutely conscious to the experiences of others who are providing their narrative and actively understand how they perceive and explain the issues under exploration (Dwyer & Buckle 2009:55). In the setting of an interview, this space and social encounter encompasses many complex and shifting boundaries, whereby through the participant communicating their differential experiences and opinions on a subject matter, it is the researchers role to understand and negotiate certain boundaries that will influence the nature of the communication and the details the participant feel they can disclose (Ryan, 2015). These boundaries may be temporal, physical, linguistic, religious or socio-cultural, but all of which, are further reinforced by the influence of age, social class, ethnicity and gender of both the researcher and participant and thus, can either be a help or hindrance throughout the interview process (Ryan, 2015). Throughout the methodological literature, there has been an extensive debate about where one should position themselves and how the researcher needs to reflect upon their identity and how this informs them being an ‘insider’ or ‘outsider’ to the participants and subject matter they are investigating (Kerstetter 2012:99).

This is crucial to the research process, especially for studies such as this, because as the participants hold different racial, ethnic, economic and socio-political identities amongst others, to a build relationship of trust, it was important to address how my own identity would affect the research process and subsequently, its outcomes (Kerstetter 2012:99). As the Middle East is described as being more collectivist in culture compared to western societies, there is greater emphasis and stronger distinction between those who are regarded as ‘insiders’ and those who are ‘outsiders’ and therefore, understanding my position and influence of both my gender and ethnicity was even more critical (Hawamdeh & Raigangar 2014:25-29). It is also important to highlight that, as the Arabian Gulf societies are Islamic and patriarchal, this creates different cultural codes and gendered identities amongst the participants and myself and in some instances, informed how we related to each other.

To be classified as an insider, one must share attributes and experiences to those who are being

explored, such as a socio-political position, gender, language, cultural, ethnic and religious heritage, all of which, hold a sense of belonging (Dwyer & Buckle 2009:56). In this study, of the 24 participants, I could be considered an insider with five participants who were female and six participants who shared my ethnicity as a white British westerner. According to the methodological literature, the researcher being an 'insider' or, at least, being viewed by the participants as an 'insider' is regarded to be the most advantageous position to be in and is a privileged vantage point (Herod 1999:320). Because through the researcher being uniquely positioned, they are able to understand the experiences and opinions of the groups that they are members of and engage more with the participant and gather a richer data set (Herod 1999:320).

Whilst being an 'outsider' surrounds the notion that the researcher does not share the attributes or experiences of the participant and as they are not part of the community under investigation, are neutral and detached observers (Kerstetter 2012:99). In this study, I could be considered as an 'outsider' with 19 participants based on my gender and 17 participants based on my ethnicity. The traditional 'insider' doctrine suggests that the researcher being an 'outsider' is a disadvantaged and undesirable position to be in, because they will never truly appreciate and understand the culture or socio-political events, because they have simply not experienced it (Kerstetter 2012:99). Indeed, through my own personal experience of conducting this research, being an 'outsider' can be a more advantageous position to be in. For example, on numerous occasions, by not belonging to the group, I was able to be more objective and observe the participants behavior from a 'birds-eye view' (Kerstetter 2012: 99). But more so, due to being an 'outsider', this informed what the participants felt they could disclose.

In Saudi Arabia, I was an insider with two participants based on ethnicity. In each case, this position was conducive in creating instant rapport, because instead of being confined by the socio-cultural norms and practices of the Kingdom, especially surrounding gender dynamics, our communication was based on how we would interact if we were conducting the interviews in Britain. The interviews felt the most liberal with these participants because despite not sharing a gender, we shared the same social background and when they would use certain terminology or gestures, I would understand immediately what they meant. For example, one participant who was also from the southwest of the UK, he would refer to migration as being a universal issue and drew on the Cornish colloquial term of 'emmetts', who are essentially people who are not from the local community and temporarily visiting Cornwall, mainly applied to holidaymakers. He would state that he was essentially an 'emmet' in the Kingdom and only there temporarily because under the Kafala system, he could not make life plans that exceed his residency and employment permits. Being an insider was also enhanced because we shared the experience of residing in the Kingdom at some point in our lives. Due to this shared insight and lived experience, this influenced how we discussed the governance of the labour market, because they would personalise their experience, especially in regards to the Kafala system and situate me in their response. For example, as each of us had entered the Kingdom under the Kafala, we understood the restrictive system and how it impedes socio-economic mobility. When discussing its future adoption, they would refer to how the government have advocated that they will change the system for a long time and as noted by one participant, *'they was discussing abolishing it even when you were here in the Kingdom in the 1990s and early 2000'*. Therefore, through sharing an ethnicity, this was conducive in establishing rapport and how we discussed issues and the terminology adopted, but through having a further shared lived experience, this influenced what was disclosed and how they framed their responses.

Whilst in the case where I was a complete outsider in Saudi Arabia, due to having a previous lived

experience of the Kingdom, I understood the socio-cultural dynamics, especially surrounding gender. However, once I found myself in the virtual setting, I didn't know what to expect regarding how the male participants and I would interact. Therefore, I prepared for the interviews by going over the questions, but would let the communication and interaction organically unfold and use it as observational insight. According to Kusow (2003:596) the insider vs. outsider distinction is irrelevant in socio-cultural settings that segregate along gender lines and therefore, the ethnic difference does not inform the communication as much as the societal organisation of gender does. It could be claimed, therefore, that due to being a western female exploring issues within a patriarchal setting, especially Saudi Arabia, then being an 'outsider' is a disadvantageous and undesirable position as a researcher to be in (Kerstetter 2012:99). This may have been the case if I was conducting questionnaires in a shopping mall taking a random sample or doing an ethnographic study in a Bedouin community, but as this research was dealing with elite individuals who interact with both female and males from the international community regularly, my gender and ethnicity didn't feel to be a barrier. Instead of a hindrance, I found my profile to be a helpful attribute, because it enabled participants to disclose information that they would not usually offer, even to an insider. This was even noted by Herrod (1999:322), whereby they also felt that being an outsider was a helpful attribute when interviewing government officials, because they appeared neutral and impartial to the events under exploration.

An example in this study was when I was discussing the Nitaqat with an individual who had significant influence in formulating the policy. He mentioned how in his view it was a primitive policy when it was released, but they felt pressure to show society that they were responding to the labour based challenges they were experiencing, especially in the aftermath of the 2011 Arab Spring. He disclosed how it was '*an embarrassing first policy for the system*' and to justify his response, he showed me the next phase of the Nitaqat documentation on his iPad, where he stated that it was a more advanced and relevant policy to the labour market. He mentioned that he would appreciate his other responses to be used in the empirical chapters as they were true too, but because I was an 'outsider' and adopting the tool of anonymity, he felt comfortable in disclosing this information and his own personal narrative that is not officially shared by the government. Therefore, although being an outsider is regarded as a less privileged position for the researcher to be in, in my experience of Saudi Arabia, by not belonging to the group, this created enough invisible distance between myself and the interview participant that they were able to disclose a more personalised narrative.

Whilst in the case of Qatar, I felt my gender connected me to the female participants, especially those who did not share my ethnicity. In one example, a female interviewee was of similar age to me, but being from the Arabian Gulf, she had a different socio-cultural background and lived experience of what it meant to be female. However, when we were introducing ourselves, I had mentioned in passing how I had lived in Saudi Arabia and this immediately created a connection, because she knew that I had experienced in some capacity living in the Arabian Gulf as a female. This certainly informed what she disclosed, because when discussing about the opportunities available to women in education and the labour market, she would respond showing her frustration and end her comment with '*woman to woman, it's not right that we are often marginalised because of our gender...its worse in Saudi as you'll know*'. Due to understanding this situation from afar, this often created occasions of shared empathy as we both noted and understood the challenge it was to be a female in the Arabian Gulf. Despite our different backgrounds, therefore, through sharing some similar life experiences based on our gender, this connected us and underpinned our communication, which felt like one of the most informal interviews conducted.

In the case when I was an insider based on my ethnicity, the participants acknowledged my 'Britishness', because both gentlemen would often make a comment by starting with *'well us brits often view it as...'* or *'as a brit you will understand that...'*. This was particularly the case when discussing the sponsorship system, because despite opposing the Kafala, they would put in a counterargument saying that *'us brits expect a strict immigration regime and so it can be said to be the same here'*. Neither wanted this perspective to be their formal answer presented, but even disclosing this exemplified that I had a privileged position, because through sharing an ethnic identity, they assumed that our opinions would be similar, because they often stated *'I think you'd agree that...'*. On some occasions, I would agree with their perspective, but on other occasions I didn't and so when they would look at me insinuating my agreement, I would respond with an allusive nod and ask a follow up question.

Whilst when I was a complete outsider in Qatar, I found this the most insightful position to be in. I felt like there was no socially constructed gender barrier, because they treated me professionally and it was more apparent that instead of speaking to a British woman, they were more concerned with who was surrounding them potentially listening in. Equally, my ethnicity and being a complete outsider was advantageous, because each participant I spoke with was honest and very open about their opinion. From government officials to the legal sector actors, they would mention *'as a government / legal firm, we think this, however, in my personal opinion I think this...'*. After the first introductory questions, I mentioned to them that they could respond however they like, but they don't have to feel forced about giving an opinion that is not theirs and what they think is expected. They all responded that they would like to give their official version, but because I did not live or work in Qatar, they all stated that they felt they could disclose more of their own opinion, especially as they were under an alias. Therefore, in this case, being an outsider was an advantageous position to be in, because they disclosed more information and offered a narrative they would have not given if I were an insider.

In the case of Kuwait, my shared gender with females who had a different ethnicity was a similar experience to that of Qatar. However, in one instance, I was a complete insider with one female British participant and therefore, assumed that based on what the insider doctrine promotes, I was in the most advantageous position. This was not the case. Whilst we shared a gender and a country of origin, our age difference and professional experience was the differentiator and informed our interview dynamic. She had an impressive professional record and spoke confidently, often using jargon that only somebody in her profession would understand. I asked her to clarify numerous terminologies, but she would respond with a patronizing 'tut' as like I should already know. She also referred to me as being *'another young researcher from the UK'*, because she had recently done another interview with a female PhD student studying Kuwait and in doing so she found it *'humorous'*. Our communication was also somewhat difficult to maneuver, because I sensed the power dynamic was in her favour, because she knew that I, a PhD researcher, would appreciate her narrative, especially as she was responsible for overseeing the implementation of the Kafala System and Kuwaitisation policy in one of the region's largest private sector financial firm.

Conversely, when interviewing a gentleman from Britain, he noted this shared ethnic identity, by asking me about 'home' and life in the UK and this initial communication built up instant rapport and was continued throughout the interview. For example, I would ask him the questions and he would give a very comprehensive narrative and would then ask *'is that ok, I can give you more details if you need?'*. Due to having a shared ethnicity, this created a sense of 'sameness' because we were both from the UK but were also in Kuwait for a variety of reasons, albeit virtually. Therefore, when conversing with the gentleman, this shared position created a conducive interview environment,

because we would discuss the issues under investigation whilst keeping up rapport with the odd occasional question about ‘home’.

In Kuwait, however, I felt more of an outsider than I did in Saudi Arabia and Qatar, especially with those I did not share a gender and ethnicity with. This was particularly the case with conducting the interviews with government officials and the legal sector actors, because it felt like there was an invisible barrier that could not be permeated. I tried to create rapport like I had in other interviews with similar participants in Saudi Arabia and Qatar and although there was a friendly professionalism to the interviews, it was clear that they had a reputation to uphold and this created a distance between the participants and myself and informed what was disclosed. This issue was even reported by Hawamdeh and Raigangar (2014:29), whereby they noted that in the Arabian Gulf, when conducting interviews with elite actors, the participants would offer a socio-politically appropriate narrative and briefly describe issues positively and thus, avoid disclosing information that would negatively reflect upon them and their organization they represent. In my case, participants would continually start their response with *‘well as a government we see it as...’*. I thought that this continued response was based on the lack of rapport and so, I would try and instigate conversation surrounding the topics, but instead of a lively discussion, the interviews continued to be focused on asking the semi-structured question and listening to their brief response. Their narrative was very interesting and received respectfully, but it was in this case where through having no shared attributes such as gender, ethnicity or lived experiences to draw upon, being an ‘outsider’ was less of a positive experience compared to the other case study countries.

Through reflecting upon conducting the interviews as both an insider and outsider, it is evident that this methodological dichotomy is not as clear cut as assumed, because there are multiple positionalities and identities of both the researcher and participant that need to be constantly negotiated (Ryan, 2015). In my experience, it was evident that the communication was informed by our shared gender and ethnicity, but our differences such as age, profession and socio-cultural background was the determining factor behind how we interacted. More so, although there are merits of being an ‘insider, I found that being an ‘outsider’ was more advantageous to the research process. Because through open dialogue with the participants, it emerged that despite our obvious ‘insider’ and ‘outsider’ differences, there was some common ground through shared experiences and therefore, our positionality as an interviewer and interviewee was not static and confined to these categories. Whilst in other cases where I was a complete outsider based on my gender and ethnicity, it encouraged participants to disclose information because I was viewed as impartial to the area under investigation. Therefore, through this research experience, I came to conclude that gender and ethnicity may make the researcher an ‘insider’ or ‘outsider’, but with other categorical attributes, this can either distance the researcher from the interviewee or create unexpected commonalities that produces a positive rapport and brings two individuals together for a moment in time (Kusow 2003:597).

4.6. The Comparative Analytical Framework: The Presentation of Findings

In the comparative case study methodology, there is no formal framework surrounding how to present the data and information collected (Pennings et al 1999:43-49). However, as comparison is an essential component of analysis within case study explorations, this should be reflected in the way the information is presented (Lor 2011:18). The challenge is in deciding what information to present and therefore, to highlight the similarities and more so, the marked diversity, the presentation of the

findings are two-tier, whereby narratives of the late-rentier is constructed across horizontal and vertical lines.

In the first vertical tier of data presentation, it is within the contained case study chapters that singularly focus on Saudi Arabia, Kuwait and Qatar. Within each of these chapters, they focus on synthesising a blended narrative of the emerging late-rentier labour market governance structures in each national political economy, based on evidence and factual information derived from the interviews, policy document analysis and other data sources (Lor 2011:17). Whilst the second tier of data presentation is the comparative based discussion across horizontal lines, also referred to as cross-case analysis (Lor, 2011). To create a robust comparison, cases were examined for their differences and similarities with the primary objective of delineating the emerging trends. Through compiling the factual information in such a manner, this was conducive to identifying how the labour market reforms are influencing the changing political economic environment across both the national socio-political and trans-national boundaries of the GCC member states (Pennings et al 1999:43-49; Lor 2011:15-17).

As this study seeks to contribute primary data and analysis to the literature, it is important to address the specific role of the interview material and its status within the presentation of findings. According to the methodological literature, is rare that elite interview data is used in isolation, but instead, adopted and presented alongside information that has been collected from other data sources, such as policy documentation and media reports (Tansay 2007:6). The purpose of interview data therefore, is to establish a narrative from relevant actors about a case study by gathering information surrounding historical and current socio-political events, uncovering causal processes which underpin the phenomenon under investigation and corroborating the conclusions made by other information sources (Pennings et al 1999:43-49). Interview data is also conducive in reconstructing events and making inferences as to why certain politico-economic decisions have been made, such as explaining why labour market strategies and development agendas have been adopted (Tansay, 2007:5). More simply, however, interview data is enriching for a study because it identifies what key stakeholders think about the subject matter under investigation (Tansay 2007:5). In this study, the role and status of the interview data was multifaceted. Firstly, as previously discussed in this chapter, there is a dearth of official documentation, evidence based reports and official data and to compensate for this limitation, the interview material was another potent source of information. The role of the elite interview data across each case study, therefore, was not only to confirm the accuracy and corroborate findings from the secondary sources explored, but also contribute to the triangulation process, whereby all the data collected was cross-checked to increase the robustness and credibility of the conclusions drawn (Tansay 2007:6).

Secondly, the eight interviews were conducted with elite actors across the legal and private sector and from national and international governmental bodies and therefore, these individuals are involved in the governance of the labour markets in the three case studies. Accordingly, the participant sample was a critical source of relevant information, because through focused and direct questioning, their narrative was able to build a testimony that reconstructed socio-political episodes, such as why the labour policies have been adopted, how they have evolved over the decades and their impact in restructuring the labour market. The interview data, therefore, was able to highlight the policies in practice and provide a true narrative surrounding their implementation and impact they are having in contributing to the current politico-economic transformations taking place. As this is a cross-national comparative study, whereby three political economies are under investigation, the range of participants and interview material gathered also produced a narrative that identified the similarities

and diverging trends of the late rentier GCC member states.

4.7. Ethical Considerations

Prior to undertaking any of the empirical based research for this study, permission was obtained from the University of Bath's Ethics committee and the ethical procedures that they advocate were adopted and followed throughout the research process. By adopting a comparative case study methodology, where elite interviews were conducted, wider ethical issues arose and had to be reflected upon and addressed in order for the study to be in accordance with the ethical code of conduct. Throughout this chapter, it has explored what data gathering apparatus have been adopted and how they were applied in order to explore the transforming political economies of the GCC states. The issue of access was also explored and discussed how barriers were approached and overcome in order to successfully carry out the empirical part of this study with the relevant individuals. Due to acknowledging the socio-political sensitivity surrounding the subject matter through reading previous studies and my own personal 'lived' experience of the region, I recognised that it was critical that when enlisting the participants, they were made aware of the focus and purpose of this study and therefore, ensure that they were informed and consensual in discussing the main themes addressed in this study. It became apparent in all three case study countries when making contact, that numerous potential interviewees wanted to participate, but due to the socio-political sensitivity of the subject matter, were apprehensive. For their participation, therefore, it was agreed upon that their identity would be made anonymous.

Throughout the methodological literature, the issue of participant anonymity is a central component in the ethical governance of social research (Grinyer, 2002:1-5; Coffey et al 2012:5-9). It is often applied to studies that are focused on sensitive issues that involve vulnerable subjects and population groups, and in the case of this study, on highly socio-politically contentious issues (Crow & Wiles 2008:19-24). Anonymity is also a popular research mechanism, because it enables participants to disclose information and give an account on a subject matter whilst having confidence that their narrative will be treated with confidentiality and once in the public sphere through publication, will not be identifiable and traced back to them (Whelan 2007:5-6). Therefore, the central notion behind anonymisation is that the data and information should be presented in a manner that enable the respondents to recognise their given narrative, whilst the reader will not be able to identify who the interview participant is (Grinyer 2002:7-9). In this study, this was deemed favourable by many of the participants, because they wanted to give their opinion on the themes of this study, without threatening the prospect of losing their socio-politically prestigious employment positions. Indeed, as highlighted in Fig.5, numerous participants' organisations were identified and this was because they felt it was conducive to the study that their position was formally located and felt comfortable for such information to be disclosed, because their identity was protected.

The mechanism drawn upon to give anonymity to the participants was through the adoption of a pseudonym, because it is conducive to exploring socio-political contentious issues in a real life context, whilst protecting the identity and traceable information of the interviewees (Coffey et al 2012:5-9). It is also advocated that if data is made anonymous for some participants, then a 'blanket' approach should be adopted, whereby all participants are to be made anonymous at the earliest opportunity, which is commonly at the interview stage and write up of their interview transcript (Crow & Wiles 2008:19-24). Therefore, in the case of the participants who initially did not request to

be made anonymous, at the beginning of the interview, they were asked if they would like to participate under a pseudonym. It was evident that they all had preference to be made anonymous, because as one participant explained *'...I can give you a true picture of what is really happening, without compromising my identity and role within this organisation. You can use all the information I give, just keep who I am a secret...'* [Anonymous].

When selecting the pseudonym, it was important to recognise that as these were elite interviews with government officials, senior economic and legal advisors and influential private sector actors, then the interviews served as a means of identifying what is said about the issue under investigation, but also who said it. Accordingly, to make sense of the data and information derived from the interviews, the pseudonym and the way the quotation was presented had to ensure there was some indication of the participant's positionality in relation to the subject matter, whilst also protecting their identity (Coffey et al 2012: 2). Therefore, as previously identified in section 4.5.2.1, a short situational description of the participant was given such as 'consultant' or 'advisor' and the stakeholder group they belonged to. Whilst in regards to their 'alternative name', as they hold significant socio-cultural, religious and age based connotations, if poorly selected, can wrongfully stereotype the participant (Clark 2006:21). Due to the diverse demographic profile of the participants, it was discussed as to what connotations could be inferred with their selection and in doing so, adopted a preferred pseudonym that was broadly representative of their socio-political and demographic profile, whilst maintaining their anonymity. Conversely, through this reflective approach adopted in this study, the participants were continually made aware that despite their anonymity, they were able to renegotiate their consent and participation (Coffey et al 2012:9-12). Through the adoption of pseudonyms, this apparatus was considered sufficient by the participants, whilst also satisfying the ethical requirements advocated within the school of social research methods and consequently, contributed to the successful completion and analysis of the empirically derived material (Corti et al, 2000:5-7).

4.8. Conclusion

Through adopting the use of the comparative case study methodological approach and employing the use of the data gathering tools identified, it was conducive to answering the central questions of this investigation. This methodological approach was appropriate for this study, because it enabled for a cross-comparative analysis to be conducted on the three selected case study countries of Saudi Arabia, Kuwait and Qatar. Whilst due to the flexibility and adaptability of the methodology, it proved vital in being able to conduct this study, due to the logistics of not being able to gain physical access to the field. Therefore, through adopting the multiple methodological apparatus such as policy document analysis and semi-structured interviews, this proved conducive in exploring the emerging late rentier labour market governance structures of the GCC and contributed to the construction of a primary data based narrative to the literature.

Chapter Five

The Case of Saudi Arabia

5.1. Introduction

The Kingdom of Saudi Arabia is the birthplace of Islam, home to the world's second largest proven oil reserves and the politico-economic powerhouse of the Arabian Peninsula (De Bel-Air 2014a:3). So influential that if socio-political instability arises in the Kingdom, the ramifications will cross the sovereign borders and challenge the stability of other Gulf monarchies (Davidson 2012:212). Equally, the Kingdom is not immune from global threats such as the recent collapse in the oil market and the 2011 Arab Spring and therefore, the state has to reassess the feasibility of their longstanding oil development model and seek a new agenda that prepares its citizenry and politico-economic actors for the post-oil dependent era (De Bel- Air 2014a:3). Indeed, Vision 2030 exemplifies the government's acknowledgment that the country needs to adopt a new development trajectory. The ambitious plans outlined advocate that to assist the Kingdom's socio-economic reforms, the private sector and national citizenry need to become ambitious stakeholders and actively contribute to the diversification process (Saudi Gazette, 2016). The successful implementation of this Vision, however, will be how the government address the structural obstacles created and maintained by rentierism (Chandran, 2017).

In this empirical chapter, it seeks to explore the transforming political economy of Saudi Arabia and through constructing an evidence based narrative, it will seek to argue that despite the Kingdom having new late-rentier dynamics, such as the state beginning to think long term by opening up to globalization, being more responsive to the national citizenry and critically, adopting a new development agenda which seeks to diversify the socio-economic landscape, the country is still fundamentally underpinned by rentierism because it continues to inform the nexus between the state and socio-economic actors (Gray 2011:36). Furthermore, despite modest progress being made from introducing the Nitaqat, the longstanding implementation of the Kafala System and Saudisation policy has to date, had limited success in reforming the structural dynamics of the labour market, because it continues to be deeply segmented along socio-economic lines (Alsheikh 2015:3,8).

5.2. The Policy Process in the Late Rentier Saudi State: The Evolving Polity in a Responsive but Undemocratic Political Economy

Saudi Arabia is the most conservative member of the GCC and as the political regime is based on an absolute monarchy, participation in the political and policy formulation domain has been restricted (Montague 2015:7). Since the Al Saud family's ascension to power in the early twentieth century, there has been little challenge to their political rule and through rentierism tightening their authoritarian grip, whereby through distributing oil wealth to society, flooding the state apparatus with royal princes, Wahhabi clerics and their loyal allies across the state bureaucracy, the late rentier Saudi state continues to be based on the autocratic monarchy and its neo-patrimonial networks (Hamzawy 2006:3-5; Gray 2011:25). Indeed, with the 2011 Arab Spring still very much in the minds of the political elite, it has instigated new emerging means of policy creation, whereby the group of stakeholders in the policy process has broadened (De Bel-Air 2014a:5). Within this section, it seeks

to explore the evolving polity of the policy domain and support the late rentier argument that the state is appearing to be responsive to socio-economic actors by opening up the policy domain to an extent that does not threaten the Kingdom's autocratic rule (Gray 2011:24-25). But, despite the business elite and society holding a greater platform, the late rentier Saudi state continues to be as neo-patrimonial as it has ever been (Gray 2011:24-25).

5.2.1. The Role of the Late Rentier Saudi State: An Autocratic Monarchy with Continued Neo-Patrimonial Networks

The autocratic Saudi state has no political parties and so for the royal family to maintain their powerful position, elite relations have been carefully managed and therefore, the late rentier Saudi state continues to be underpinned by neo-patrimonial networks, because power still remains close to the core and in the hands of the royal clique and funnelled down through their loyal allies (Gray 2011:25; Linnemann 2015:10). This characterisation of the late rentier Saudi state was noted by a business owner, who identified that the political sphere and labour market policy decision-making is done by the;

'...political regime and personal corporate agenda of politicians...and is reinforced by the patronage networks which characterise the policy process...'

[Nadir:15/08/14]

This perspective was further supported by a consultant to the ILO, who also expressed that the labour market policies adopted are;

'...informed by a family oligarchy, patronage networks and serve the interests of powerful elites at the top of the hierarchy in both the economic and political arena...'

[Habib:19/04/14]

These responses are supported by Saudi Arabia's Basic Law of Government, whereby it decrees that the Kingdom's state is an absolute monarchy and political power is a hierarchy-based system where rule passes down to the sons and heirs of the founding King (Hamzawy 2006:4). The most influential actor in the neo-patrimonial late rentier Saudi state therefore, is the royal family, whereby the King is the ultimate authoritative figure who is then surrounded with his court of senior princes (Fiefs), council of ministers and its associated committees, senior royal family members and numerous advisors (Montague 2015:8). As this structure is fundamentally a family oligarchy, the high-ranking elites in the state's patrimonial networks also drive the top-down policy formulation process and adopt social and economic strategies based on their own vested interests (Linnemann 2015:2). This is supported by the fact that in the Kingdom, there lacks any institutionalised mechanisms of accountability, because the royal family have bloated the state apparatus by allocating ministries to loyal supporters and high-ranking royals (Montague 2015:7). For example, the Saudi princes and allies within the bureaucracy control the executive, the cabinet, provincial authorities and the most powerful princes preside the Ministry of Interior (MoI), armed forces and intelligence agencies (Hamzawy 2006:5). Whilst in regards to the governance of the labour market, the dominant ministries are the Ministry of Labour (MoL), the Ministry of Economy and Planning (MEP) and more recently, the Saudi Arabian General Investment Authority (SAGIA), all of which are headed by the royal elite (Samirad, 2016).

According to a senior consultant to the MEP, these ministries are pivotal in maintaining the Kingdom's socio-political stability, because through a collective effort, they provide the political foundation that ensures that;

'...the interests of the labour market and its workforce, both national and migrant, are protected and met. ...every ministry of the government have a vested interest in...meeting the needs of our current and future generation...'

[Fouad:24/02/14]

These ministerial departments identified have been the primary policy developers and regulators of the late rentier labour market, because they are deemed to respond to the requirements of socio-economic actors, whilst ensuring that stakeholders such as the private sector are contributing to the national diversification efforts, which is promulgated by the late rentier model (Gray 2011:25; Vision2030.gov.sa, 2017a). Another source of legitimacy and support that the late rentier neo-patrimonial Saudi state has drawn upon is the religious elite (Gray 2011:25). Since the Kingdom's formal establishment in the early 20th century, the royal family have ruled through applying the fundamentalist interpretation of Wahhabi Islam and thus, the Wahhabi clerics and religious elite have provided a support base for the royal family (Montague 2015:8). As decreed by the Saudi Basic Law of Government, it affirms that the state will protect their Islamic identity and implement its *sharia* law and as a result, has given the well organised religious establishment immense power in the political and policy domain (Hamzawy 2006:5).

For example, the Council of Senior Ulema is the highest religious authority in the Kingdom and offer religious based opinions (fatwa) to the King (Montague 2015:8). They are particularly influential on issues such as morality, justice and critically for the labour market restructuring efforts, the education system, whereby they are involved in overseeing the activity and curriculum in schools and universities (Hamzawy 2006:6). The *ulema* are often described as partners within the Kingdom's centralised government and so, they continue to exert their authority especially within the anti-reformist movements, whereby they often oppose and impede the implementation of measures that promote education reform and women's rights, of which are central components of Vision 2030 (Montague 2015:8; Vision2030, 2016).

The political elite has also drawn upon the appointed Majlis al-Shura council to be another mechanism of legitimacy, especially in the policy domain (Montague 2015:7). Dating back to the 1920s, the Founding King Abdel Aziz al-Saud approved the Kingdom's first consultative council (Hamzawy 2006:11). Whilst in the 1990s, with the Gulf War hurting the Kingdom's polity, approximately fifty scholars officially submitted a Memorandum of Advice to the King and demanded for widespread political reforms through the establishment of a legislative council (Linnemann 2015:10). Initially, the signatories were severely prosecuted, but in 1992, King Fahd responded to the scholar's demands by altering the Majlis al-Shura Council's regulatory provisions and broadening its responsibilities and role in the political and policy domain (Montague 2015:7). The council continued to undertake its original role of offering non-binding opinions on issues brought to them by the King, but they were granted the authority to voice their concerns on public matters, question ministers and send recommendations to the cabinet, but their role stopped short of any formal legislative powers (Linnemann 2015:10). In its first cycle with these new consultative amendments, in 1992, the council comprised of a president and sixty members and focused on offering short non-binding recommendations on legal issues pertaining to the *sharia* and the Kingdom's socio-economic development plans (Hamzawy 2006:11). Whilst by the fourth cycle in 2005, the council's

membership had substantially increased to 150 members, half of which comprised of Wahhabi clerics and the remaining members comprised of university professors, business community representatives and technocrats (Linnemann 2015:10).

In the present day, the Majlis al-Shura Council continues its consultative role and offers advice on public policies, such as those implemented within the labour market, because according to a consultant to the MoL, their participation in the policy domain is conducive to the creation of robust labour market policies, because;

‘...to isolate the policy planning to just one or two ministries, without consulting other departments is just reckless planning...’

[Abdul:20/1/14]

Through increasing the number of members and its role in the consultative process, this has made the council an extremely relevant and respected institution within the Kingdom’s political arena (Hamzawy 2006:16). Because in recent years, 30 women have been appointed to the assembly and spoken out on issues such as their marginalisation in society, human rights, civil society, youth and unemployment (Montague 2015:8,11). Whilst according to Hertog (2013:40-41) the Kingdom’s Majlis al-Shura has become more populist in recent years, as the ruling elite selects its membership based on regional and tribal affiliation instead of meeting a technocratic criterion. Therefore, through meetings bringing together princes, businessmen, religious and tribal leaders, it acts as the Kingdom’s social glue, because it continues to support clientelistic networks, whilst creating a channel whereby people can access an arena to discuss their concerns and suggestions on policies that regulate their socio-economic activities (Gray 2011:25; Montague 2014:24). Equally, the Majlis al-Shura council has been adopted as a mechanism for socio-political stability, because as assigned by the late rentier model, it holds no legislative power so does not threaten the political position of the ruling elite, but it has provided a venue for public debates on issues such as fiscal policies, labour market policies and education reform plans (Gray 2011:25; Linnemann 2015:10). Therefore, as noted by Hamzawy (2006:3,11), the council has been used to silence growing popular dissatisfaction against the ruling elite.

Due to the historically limited access points to the central government, numerous informal connections have also been constructed, especially between the political elite and private sector, and will continue to be part of the neo-patrimonial networks of the late rentier Saudi state (Hertog 2010a:9). In the Kingdom, there have been business-friendly and well-educated technocrats who have found their way into key ministries and large corporations and are granted direct access to the political elite and those who make the economic and labour market policies (Linnemann 2015:11). These technocrats also have direct influence in the policy formulation process, because their advice and expertise on business and technical issues is extremely valued by the ministries and government officials (Hertog 2010b:9-10; Linnemann 2015:11-12). Within the higher echelons of these informal networks is also the presence of gatekeepers, who surround the senior actors of the government (Hertog 2010b:9-10). Prior to the oil era, gatekeepers were part of the embryonic state, but over the oil decades, their role has significantly increased because they control the access points to the elite and informally have an influence over the resources that are at the disposal of individuals such as the Minister of Labour (Hertog 2010b:9-10). They also assist in granting access to the centralised decision-making process to western contractors and large businesses that are seeking to acquire large state contracts (Linnemann 2015:11-12). Currently, there are tens of thousands of gatekeepers who have the ability to offer legal protection, award contracts and influence administrative decisions on

behalf of supplicants and as a result of their information-influencing function, they are considered to be more powerful than those who hold a formal senior cabinet role (Hertog 2010:9-10).

In regards to labour market governance, there are also the paper pushers of the bureaucracy, formally referred to as a Mucaqqibs, which is Arabic for 'pursue' (Hertog 2010b:11). Due to the Ministry of Labour and customs office often being slow and opaque, this has created a need for the Mucaqqibs, who draw upon their patronage networks to speed up application procedures, such as visa issuance (Hertog 2010b:12). Those with exceptional connections to the elite are also able to provide services that are in effect illegal, such as 'finding' the missing documents which authorise the visa transfer of a migrant worker (Hertog 2010b:12-13). Due to the essential role they play, large private sector companies regularly create their own 'government relations' department so they have an individual who has direct access to the relevant government agencies, especially that of the Ministry of Labour, and brokerage deals on the visa issuance and quota requirement of their company (Hertog 2010b:12-13). Therefore, as access to the central government is still largely restricted, there continues to be significant demand for technocrats, gatekeepers and Mucaqqibs to establish informal interaction between the state and private sector companies and in doing so, as declared by the late rentier model, the late rentier Saudi state is still fundamentally underpinned by neo-patrimonial networks and rent seeking based activities (Hertog 2010b:12-13; Gray 2011:24-25).

5.2.2. The Role of the Private Sector: A Policy Stakeholder in a Responsive but Undemocratic Late Rentier Saudi State

Historically, the role of the private sector in the Kingdoms political and policy domain largely vanished with the emergence of rentierism (Linnemann 2015:15). Whilst in the 1990s and 2000, with a global oil boom bolstering the political legitimacy of the state, the private sector was further marginalised from the policy domain and under the rule of the government (Luciani & Hertog 2010:8; Linnemann 2015:10). In the present day, however, with the Kingdom in dire need of economic reform, the state are depending on the private sector to spearhead the future diversification efforts, by providing employment opportunities for the national citizenry and creating long-term investment opportunities (Luciani & Hertog 2010:9). Therefore, improving state-business relations is crucial, because to effectively diversify the economy and labour market, the policies need to be responsive to the requirements of different socio-economic actors and thus, regulations need to be created and informed by different stakeholders (Hertog 2006:262). According to a MoL consultant, to implement effective and efficient policy measures, the state needs to;

'...open up the policy arena to private sector companies, employers and workers. So they are able to express their opinions on the current labour market conditions and the national laws which seek to regulate their socio-economic activity...'

[Abdul:20/01/14]

Formally, the business class in Saudi Arabia have been included in the policy domain through a variety of corporatist mechanisms which have offered them a representative platform to discuss policy matters that directly impact their socio-economic activity. These include seats on consultative economic councils and regulatory agencies and more critically, a role in the Chamber of Commerce and Industry (CCI) (Linnemann 2015:11). CCI's have a long history and in the case of Saudi Arabia, have been conducive to the creation of committees surrounding labour market affairs and have

provided a domain whereby draft economic and labour based legislation are officially circulated amongst the chambers and debated within the relevant committees (Montague 2015:28; Csc.org.sa, 2017). The most notable and oldest CCI is the Jeddah Chamber of Commerce and Industry and through their well organised and active history, have been involved in creating programmes and policies that support small and medium enterprises, regulating the labour market by representing the needs of the private sector and labour force and supporting initiatives that encourage female entrepreneurship (Hertog 2013:33). This opening up of the policy domain exemplifies that the late rentier Saudi state is attempting to avoid formal democratisation, by creating legislatures and organisations that offer a representative platform to non-state actors (Gray 2011:23). The purpose of this is for the state to appear responsive and therefore, as the Kingdom becomes more late rentier, there will be greater pluralisation in the policy formulation process through the creation of more formal representative mechanisms (Gray 2011:23).

A more recent example of the late rentier Saudi state broadening their policy formulation domain is through the Ministry of Labour expanding their e-government apparatus and creating an online portal. Entitled *ma'an*, which means 'together', enables private sector businesses, employers and workers to have access to a virtual space, where they are able to put forward their views on the labour market reforms (Ghafour, 2013). Once the opinions and proposals are collected, the government's policy advisors review and analyse the information and conduct follow up investigations surrounding the applicability of the proposals. The Minister of Labour even promoted that opening up dialogue between key actors in the labour market through a virtual policy arena will contribute to streamlining the economy and labour market, because there will be more stakeholders involved in the decision making process (Montague 2015:28). According to a consultant to the IPA, the *ma'an* platform is;

'...encouraging because with more stakeholders involved, the policies are more comprehensive and reflective of the requirements of both the economy and labour force...'

[Asim:15/03/14]

In another account from a private sector actor, they viewed this new policy participation mechanism as progressive, because they are able to have an access point to the relevant ministerial departments and express their opinions on the policies that influence their daily economic activity. For example, they are able to confirm as to whether;

'...the quotas adopted under the Nitaqat and the employment visa conditions are appropriate and effective. This is advantageous, as previously, policies and laws were adopted without really considering and understanding the ramifications they will have on business and the labour force...'

[Andrew:28/06/14]

In broadening the policy domain through mechanisms such as the *ma'an* platform, the government are also starting to engage with private sector actors through workshops and focus groups as part of the policy review process (Ghafour, 2013). For example, before the official announcement of Vision 2030 in 2016, several hundred government officials, private sector company executives and international consultants gathered in Riyadh for a two day summit to discuss the future diversification and transformation of the Kingdom (Rasooldeen, 2017). The central objective of this workshop was to explore how Saudi Arabia can survive in the era of cheap oil and what strategies need to be adopted to ensure their long-term socio-political and economic prosperity (Rasooldeen, 2017). Private sector actors were encouraged to offer feedback on current economic and labour market policies and the proposed privatisation of certain sectors (Rasooldeen, 2017). Within their response, they were asked

to identify the challenges and proposed amendments to the current policies and highlight any opportunities that will assist in the Kingdom meeting the Vision's goals (Rasooldeen, 2017). This 'Public-Private Partnership' was viewed by businesses as being a private sector equivalent of a national parliament, because they were involved in helping the government work out how to successfully restructure the economy so the Kingdom is no longer reliant on oil rent (Rasooldeen, 2017).

These workshops and virtual platforms have strengthened the policy process surrounding issues such as labour market governance, because businesses are able to respond to policy proposals and implementation mechanisms, such as the Nitaqat quotas, before they become law and actively applied (Ghafour, 2013). According to a consultant to the MEP, the increased participation of private sector actors through these apparatus is regarded;

'...extremely beneficial, because we are able to design policies which are more relevant to the requirements of the national economy...'

[Fouad:24/02/14]

Evidently, the late rentier Saudi state is being responsive to the business elite in the policy domain, by enabling them to have access to representation through formal mechanisms such as the CCI's and the more recent *ma'an* platform and review workshops (Gray 2011:23). Through this broadening of the policy domain, the business elite in the Kingdom is the most represented socio-economic group and exceeds the representation available to other important actors such as the national citizenry (Linnemann 2015:12). Equally, as noted by Gray (2011:32), the Kingdom is an entrepreneurial-state capitalist structure and therefore, the ultimate authority in the economy and policy formulation domain continues to be the state. As a result, the late rentier Saudi state will allow the business elite to play an important socio-economic role in the diversification efforts, but they will still be strictly regulated in their influence and this includes their capacity within the policy domain (Gray 2011:32).

For example, in the case of the CCI's, although they have provided formal representation for the business elite over the decades, they continue to be dominated by large local families, who are part of the neo-patrimonial networks and therefore, have been criticised as being out of touch with the wider business community (Hertog 2013:33). Although there are elections to the numerous committees and boards, the government supervises the electoral process and on many occasions, directly intervene by appointing their own individuals to the ruling board of the chamber and thus, are not democratically appointed by the business community (Linnemann 2015:11). This is exemplified by the 2009 elections to the well-organised and active JCCI, whereby 6,400 of the 32,000 chamber members went to the polls to elect their board members, but at the polling station were tightly monitored by the Ministry of Commerce (Hertog 2013:33). Due to the overbearing presence of the government, it damaged the reputation of the JCCI and wider CCI, because it was alleged that votes were bought and board members were adopting dubious practices in order to elect those supported by the state (Kraetzschmar 2015:185-8; Linnemann 2015:11). As a result, despite the CCI being a formal mechanism in the state-business interplay, it still has limited capacity in involving the wider business community who are not part of the neo-patrimonial networks and therefore, fail to represent the views of the business class at large (Hertog 2013:32,33).

The private sector has also acted as a lobby group, by often opposing the implementation of labour market policies that directly impact their socio-economic activity (Linnemann 2015:2). For example, during the 1980s, when the business elite were still essentially crowded out from political life and the

economy due to the preceding 1970s oil boom, the private sector were called upon to assist in the liberalization of the economy and assist the state in implementing austere economic reforms (Chaudry 1997:9). With proposals to cut the budget deficit through taxation and labour market regulations that would force the private sector companies to replace their migrant workforce with national manpower, the business elite were in effect requested to take on the social burden that was previously met by the rentier state (Chaudry 1997:9; Linnemann 2015:9). These reforms, however, failed, because due to the clientelistic networks that underpinned the political economy, the business elite were able to seek support from individuals inside the bureaucracy to oppose these measures (Chaudry 1997:9). Moreover, through the CCI's clientelistic networks and informal channels to the government, they too were heavily involved in vetoing the proposed reforms (Hertog 2006:254,263; Linnemann 2015:11). The restructuring policies that did successfully get implemented however, were only those that would affect the migrant labourers and thus, surrounded the stricter regulation of the Kafala system (Linnemann 2015:9). Whilst in the present day, lobbying from the business community surrounds opposing the Nitaqat quotas (Sophia, 2015; Linnemann 2015:14). According to a corporate lawyer and business owner, they both noted that as the Nitaqat becomes more advanced and setting higher quotas for different industries, the private sector is;

'...Increasingly expressing their discontentment at implementing policies which they have no say in...'

[John:6/04/14]

Due to the perceived negative ramifications the Nitaqat quota poses to a company's economic competitiveness, businesses often oppose the policy by resisting its full implementation and therefore;

'...without us implementing them, there will be no real and substantial reform... or economic diversification ...'

[Nadir:15/08/14]

These accounts are supported by recent reports of when the government sought to roll out the third phase of the Nitaqat, whereby there was a large increase in the quota that was to be applied and adhered to immediately. Wholesale and retail firms were expected to increase their quota from 29 per cent to 44 per cent, whilst commercial firms in areas such as technology, business and legal administration and communications were required to increase their localisation from 29 per cent to a staggering 66 per cent (Sophia, 2015). New methods of calculation and incentives were also proposed and would increase the financial burden on the employer (Sophia, 2015). As soon as these proposals were announced, the business community with the support of the Council of Saudi Chambers opposed the third phase by declaring that it would have negative ramifications on the economy and demanded that the government rethink the policy. Because some companies reported a 50 per cent decline in profits from the implementation of the first and second phase of the Nitaqat and with more stringent measures being implemented in the third phase, they would not be able to adhere to the new quotas and therefore, it would be counterproductive to the Kingdom's economic diversification efforts (Linnemann 2015:11,14; Sophia, 2015). In response, the government announced that it would delay the implementation of the third stage, so they could review the practicalities of the proposed quotas, but also for the benefit of the private sector, who could adjust their business plan in preparation for the next stage of reforms (Sophia, 2015). To date, however, lobbying is piecemeal and sporadic and as the business community do not act and lobby in an organized and proactive manner, then its influence in reforming policies is minimal and most often, just leads to the delay of the policy being implemented (Linnemann 2015:11,14).

Through exploring the role of the private sector in the policy formulation process, it is evident that they do hold some capacity and through the broadening apparatus available, such as an e-government portal and participation in government organised workshops, there is clearly a pluralisation in the policy domain for the business elite to be a part of the decision making process in the late rentier Saudi state (Gray 2011:23). More so, with the history between the state and the business elite, whereby at one point or another they have each been the key driver behind the Kingdom's economic advancement, they are strongly intertwined into a form of mutual interdependency (Hertog 2006:267; Linnemann 2015:13). Therefore, as the Kingdom's political economy will become more late rentier through adopting a new development model, economically diversifying and broadening its state capitalist structure, the government will continue to have the final say on all regulations adopted, but due to the embedded autonomy between state-society interplay, the private sector will still be listened to more seriously than any other socio-economic group in the Kingdom (Hertog 2006:267).

5.2.3. The Role of Society: A Marginal Actor in the Responsive but Undemocratic Late Rentier Saudi State

When oil revenues began to flow into the Kingdom, the government was embryonic and without a longstanding political tradition, there was no public space for society to participate in the political domain and voice their opinions (Linnemann 2015:8). Once the autocratic state took on a rentier formation, clientelistic networks underpinned the political structure and activity of the ruling elite and further marginalised the political capacity of society, whereby they had no direct link to the central administration (Hertog 2007:542,545; Niblock & Malik 2007:33-36). Over the decades, Saudi society has remained largely on the fringes of the policy domain and continue to have limited access to any formal mechanism of representation (Montague 2015:2-10). Equally, with globalization and the emergence of new social media platforms enabling Saudi society to increasingly engage with the national and international community, they have evolved into a critical socio-political force and can no longer be repressed and isolated from the political domain and policy decision making process (Gray 2011:23; Montague 2014:10,22). Whilst with the recent 2011 Arab Spring making the Saudi ruling elite anxious of losing political control, the state have no option but to be responsive to society and their socio-economic and political requirements (Montague 2015:22). According to a private sector business owner, they suggested that with Saudi society becoming more embedded in the globalisation process and political economy, the Saudi state have to;

'...recognise there are new powerful socio-political ideologies emerging within society at both the national and regional level, so the...policy process will come to reflect the changing roles of different...stakeholders in the policy process...'

[Nadir:15/08/14]

The late rentier Saudi state therefore, can avoid democratisation as long as they are responsive to society and this includes participation in the political and policy domain (Gray 2011:23). Within society, the youth demographic are an emerging influential actor in the Kingdom, because with rising unemployment, demand for better employment opportunities and calls for political representation, they are a source of discontentment and political opposition (Gray 2011:34). As the youth constitute 60 per cent of the population, it is critical for the future socio-political stability of the ruling elite that they are in some way responsive to this social unit, because they are demanding to have a voice on

how the Kingdom is governed and on the policies that impact their daily lives (Montague 2015:3). According to a legal advisor, the Arab Spring was the turning point for the youth, because it represented to the region and international community that;

‘...they want to be heard, want to participate in the political arena and economy. No longer can they be bought with oil rent...the youth need a platform and an opportunity to inform the policies’

[Karam:14/06/2014]

Whilst in another supporting account from a senior consultant to the MEP, the youth population are a significant stakeholder to involve in the;

‘...social and political arena, as the future Kingdom is their inheritance, so have every right to inform how it will be for them and future generations...’

[Fouad:24/02/14]

Evidently, the youth are recognised as an important actor who needs to be represented, yet, there continues to be no formal channels for their policy participation (Linnemann 2015:8). There are, however, some notable mechanisms in place in universities. For example, at the private women’s Effat University in Jeddah, students alongside senior staff explore through student councils how they can participate in the Kingdom’s policy domain and eventually change laws and regulations (Montague 2015:2-3). Once graduated, they have the skill base and knowledge of how to be active agents of change in the political arena, by going out to vote and run in the municipal councils (Montague 2015:2-3). The *Muntadah al-Redd*, which is a Hejazi youth forum, also seeks to bring younger generations together and devise well-structured policy proposals that will then be sent to the relevant governmental departments (Montague 2015:2-3). To date however, these informal mechanisms have not informed any policy content, but they have made some segments of the youth demographic feel as if they are represented in some way, due to their proposals being sent to the government (Linnemann 2015:8). Therefore, as noted by Gray (2011:23), as long as the state appears to be responsive to social units such as the youth, who feel to have a voice through these informal forums, then this should create socio-political stability because society perceive that they have a voice and some form of representation in the late rentier Saudi state.

The female demographic are another social group who are increasingly seeking political representation and policy participation. According to a senior consultant to the MEP, they noted that women are involved in local politics and municipal councils and are;

‘...strengthening their presence in the Kingdom’s political affairs. This is very much a conscious development by the government...because they have the right as a citizen to have an input in the local political arena and fulfil their social responsibilities to the Kingdom...’

[Fouad:24/02/14]

Historically, women in the Kingdom have been prohibited from the political sphere. Indeed, in 2011 women sought the assistance from organisations such as *Baladi*, which is a political activist group and prepared 25 female Saudis to campaign for the right to vote and critically, stand as candidates in the 2015 municipal council elections (Montague 2015:32). The government permitted their participation, whereby approximately 130,000 registered to vote, whilst 978 women registered to be candidates, of which, 20 were successfully elected (Black, 2015; UNWomen, 2015). In Saudi Arabia, however, the Municipal Council Elections have been a platform for Islamists, who are a well organised community

and the government have often feared that when elections were held, the Islamists would win based on their religious and conservative policies, which would be regressive to the diversification efforts (Hamzawy 2006:12; Montague 2015:6). Consequently, the municipalities continue to have a limited remit in the political arena and policy formulation process (Herb 1999:256-259; Gray, 2011:23).

Since 2003, Saudi society have also been able to join The National Dialogue Forum, which enables the national citizenry to meet and network with other Saudis, liberal reformists, Wahhabi clerics and government officials to discuss issues such as political reform, radicalism, women's rights and youth unemployment (Foley 2010:103,109). This forum has proven valuable in terms of bringing society together and encouraging debates on matters of mutual concern, but it has not been effective in informing the policy process (Hamzawy 2006:15). Thus, despite these changes representing an opening of the political domain, it has not altered the authoritarian rule of the Saudi state, because the royal family and Wahhabi clerics continue to dominate the Kingdoms political economy (Hamzawy 2006:15). Equally, as society are prohibited to attend unregistered and unofficial meetings which discuss socio-political and human rights issues, this forum has created a channel whereby society perceive they are part of the political domain and wider policy-making process (Montague 2015:3,17). Therefore, through the pluralisation of the political domain, whereby society have access to municipal elections and The National Dialogue Forum, this exemplifies how the late rentier Saudi state is being responsive to society (Gray 2011:23). As noted however, due to these mechanisms having limited capacity to inform the policy agenda, society by and large are still on the margins of the political and policy domain (Montague 2015:36). But as asserted by the late rentier model, as long as the state appears to be responsive to society by establishing such weak participatory mechanisms, then this should appease society whilst not threatening the ruling elites powerful position (Gray 2011:23).

5.3. The Governance of the Late Rentier Saudi Labour Market: The Regulatory Framework

The governance of the labour market has been on the policy agenda since the 1970s and has particularly focused on restricting the socio-political and economic mobility of the migrant workforce, whilst attempting to increase the participation of the national citizenry in the labour market, especially that of the private sector. With the adoption of Vision 2030, there is greater impetus in restructuring the labour market in order to maintain socio-political stability, but more so, to accomplish the ambitious economic diversification objectives (De Bel-Air 2015:4). This section seeks to explore the Kafala system and Saudisation based initiatives and discuss how the Kingdom's labour market has been regulated over the decades. Through analytically exploring the policies evolution, it will be evident that the late rentier Saudi state is no longer routinely administering the economy and labour market, but instead are actively pursuing set socio-economic objectives through the implementation of more sophisticated strategies that seek to reform the rentier constructed labour market (Gray 2011:8).

5.3.1. The Kafala System: The Regulation of the Migrant Workforce in the Late Rentier Saudi Arabian Labour Market

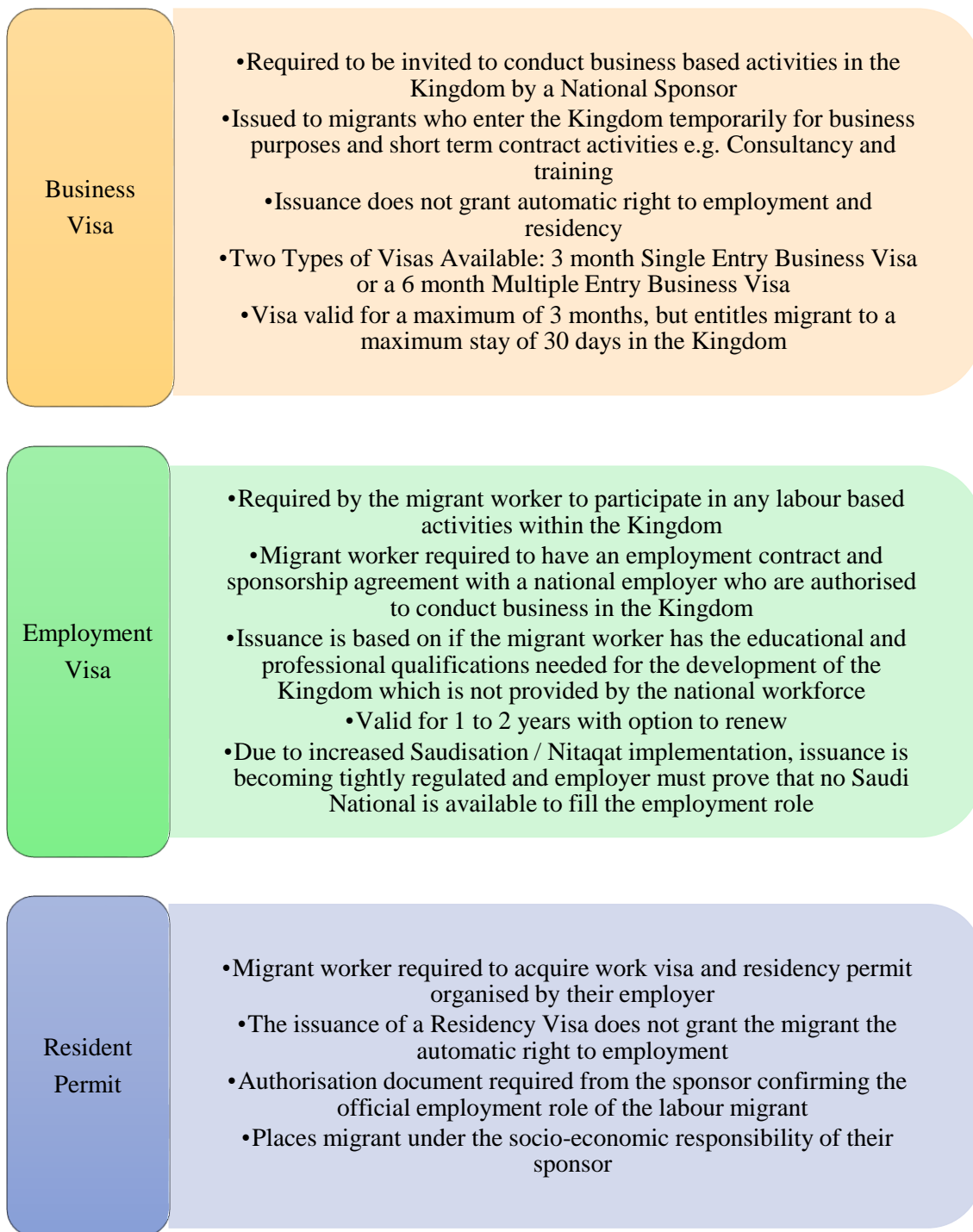
The Kafala system has been the central governance mechanism that has regulated the temporary residency and employment of migrant workers in the Kingdom. The system was originally adopted in the 1950s when migrants requested citizenship rights and therefore, to protect the socio-economic and political interest of the national citizenry, the Kafala was formally promulgated in the Kingdom's

1952 Residency Law (Zahra 2015:5). Within this law, it became mandatory that migrants were to be transient and their socio-economic mobility was to be strictly regulated under the sponsorship of a national Kafeel. Over the subsequent decades, the Kafala evolved from being a mechanism that addressed the issue of citizenship to a more central labour market governance strategy, which responds to the requirements of the Kingdom's transforming political economy (Zahra 2015:5-6).

The contemporary governance of migrant labour is based on The Residence Regulations of 1952, The Labour and Workman Law of 1969 and the Labour Law Royal Decree No.51 of 2005, whereby they stipulate that for a migrant to enter and participate in any form of socio-economic activity, they are to be formally invited into the Kingdom by a sponsoring employer, who has sought the approval from the Ministry of Labour (Labour Law Royal Decree, 2005; Zahra 2015:4). The sponsor is legally required to be a national citizen or company and through a formal agreement of sponsorship, officially hold all socio-political and economic responsibility for the labour migrant's activity whilst in the Kingdom (The Residence Regulations of 1952).

To enter the Kingdom, migrants are legally required to have obtained a visa, of which there are three main types applicable for employment related activities. As discussed in Fig.7, these visas consist of a Business Visa, Work Visa and Resident Permit (*Iqama*) and have continued to be a central governance mechanism, because the conditions associated to their issuance respond to the socio-economic activity in the Kingdom and also to other labour market policies, such as the Nitaqat. For example, new employment visas are only issued for socially stigmatised menial occupations such as domestic work and technical work sectors which are not commonly filled by the national population, due to their insufficient education and skill development (Zahra 2015:2-7). Since 2004, bans have also been applied to the private sector, whereby employment visas cannot be issued until national employment quotas are met (Ministry of Planning, 2015). New companies are also initially denied any issuance of employment visas for migrant workers, because in order for them to set up as a private sector company, they are required to first employ Saudi workers to fill the employment positions available (Ministry of Planning, 2015).

Once the migrant worker has completed the application process and their new or renewed employment visa and residency permit have been issued, the sponsor has to return the passport and relevant travel documents to the migrant worker (Zahra 2015:5). Providing that they have a valid residence permit, this enables the migrant to have some mobility within the Kingdom during their temporary employment and residency (Zahra 2015:5). However, as the confiscation of migrant passports is a widespread issue, the Ministry of Labour have had to implement punitive measures such as economic fines if the Kafeel violates this stipulation (Zahra 2015:5).



(Fig.7: Saudi Arabia's Labour Migrant Visa Type And Specification) (Sources: Ministry of Planning, 2015)

Originally, when the labour migrant entered the Kingdom under sponsorship, they were prohibited by Article No.11 of the Residence Regulation of 1952 from being transferred to another employer. However, in the instance when labour based disputes or unforeseen events arose, transfer of sponsorship was permitted. For a transfer of sponsorship to be authorised, the new prospective sponsor had to have the same attributes and capacity of the original sponsor, whereby they could continue to meet the labour based and welfare provisions required by the migrant worker (Article No.

11 of the Residence Regulation of 1952). Whilst in Article 39 of the Labour Law of 2005, the kafeel was still prohibited from allowing their sponsored migrant to work for other employers, but there are procedures in place that allow the transfer of sponsorship to be permitted if an unsolvable dispute occurs. To legally transfer sponsorship, the migrant is required to hold a valid work visa and residence permit and have been employed by their current kafeel for a minimum of one year (Zahra 2015:6). They are also legally required to obtain the approval of their original Kafeel before any transfer takes place via the issuance of a no objection certificate (Zahra 2015:6). The Kingdom's Ministry of Labour also have the legal authority to transfer sponsorship of the migrant without prior permission of the kafeel, especially in cases where there are lawsuits or humanitarian based issues existing between the labour migrant and the employer (Saudi Hollandi Capital 2012:3-7; Zahra 2015:6). Whilst with the implementation of the Nitaqat, this stipulation of the Kafala has been adopted as both an incentive and punitive measure, because migrant manpower is able to freely transfer their sponsorship from companies who are failing to adhere to their quota, to companies who are successfully implementing the Nitaqat goals (Saudi Hollandi Capital 2012:3-7; Zahra 2015:6).

When the labour migrant exits the Kingdom on either a temporary or permanent basis, they are required to obtain an exit or re-entry permit (Ministry of Interior, 2014; Zahra 2015:10-11). To obtain the documentation, the migrant is to have written authorisation from their sponsor, which requests the issuance of the exit permit or extension of the migrant's re-entry visa. If the sponsor works in the private sector, the document needs to be submitted and validated by the Saudi Arabian Chamber of Commerce, whilst if the sponsor works for the government, the document needs to be submitted and validated by the Ministry of Foreign Affairs (Ministry of Interior, 2014). The permit validity is six months, starting from the date of the labour migrant's first exit (Art. 16, Saudi Arabian Residence Regulations, 1952). For the migrant to be granted an extension of their re-entry visa, they are to submit to the Ministry a copy of their valid residency permit and if applicable, documentation of their previous visa extension. Once the employment contract comes to its official end, the migrant is to have the approval of their kafeel to proceed in obtaining a final exit visa, which allows them to remain in the Kingdom for a maximum of two months (Ministry of Interior, 2014; Zahra 2015:10-11).

To effectively regulate the volume of migrant labour working and residing in the Kingdom at any one time, the government have also adopted the regionally advocated legislation surrounding the ban on return, which requires migrant workers to exit the country for a certain period of time after their original work contract, employment visa and residency permit have expired (Ministry of Interior, 2014). The ban on return is particularly applied to migrant workers who have been found to be working for another employer who is not their original sponsor and have not been authorised to transfer their services (Ministry of Interior, 2014; Zahra 2015:8-10). In being caught, they are banned to return to the Kingdom for a minimum of two years (Ministry of Interior, 2014; Zahra 2015:8-10).

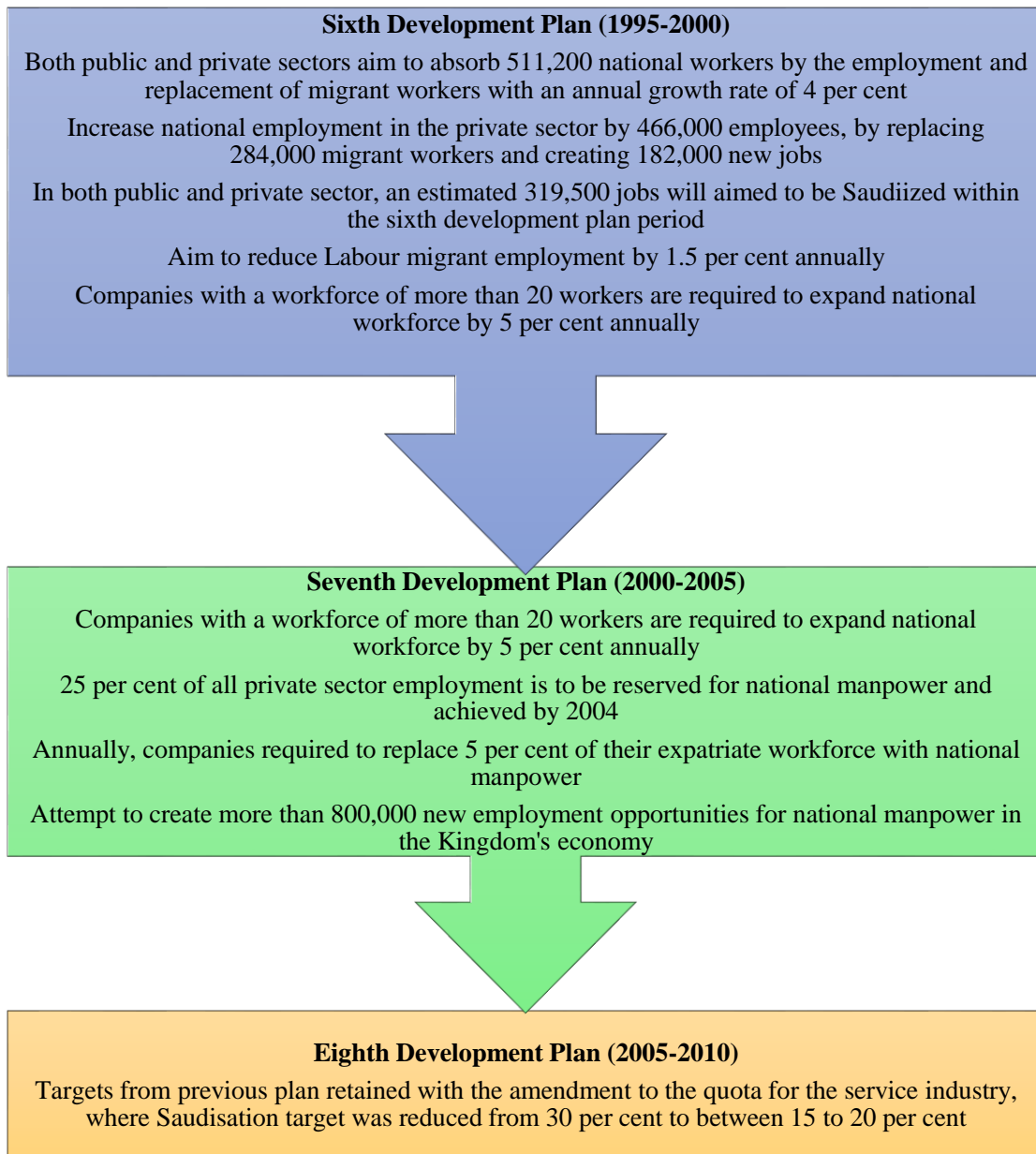
As the Kafala system seeks to restrict the mobility of the transient migrant workforce, Article 39 of the Saudi Arabian Labour Law of 2005 prohibits any employer to authorise for their sponsored migrant worker to be employed by another company, whilst the employer is also prohibited from employing a migrant worker who is under the sponsorship of another kafeel. However, with the implementation of the Nitaqat, these rules are gradually easing and if the migrant or employer meet the stipulations addressed under the transfer of sponsorship, then a secondment may be authorised (Labour Law Royal Decree, 2005; Zahra 2015:15-16).

Due to the Kafala system being a comprehensive legislative mechanism, it also sets out the legal provisions that must be adhered to when the employment and residency permit have expired. Under Article 40 of the Labour Law 2005, it stipulates that the kafeel is economically responsible for the exit visa and travel costs for the migrant worker to be repatriated to their country of origin upon the end of their employment contract.

5.3.2. The Saudisation Policy: The Regulation of the National Workforce and the Private Sector in the Late Rentier Saudi Arabian Labour Market

Saudi Arabia is the region's laboratory for experimenting with labour market reforms and this is especially the case for the nationalisation strategy, which has continually evolved to respond to the Kingdom's socio-political and economic requirements (Hertog 2014a:17). The Saudisation policy has been on the formal agenda since the first development plan of 1970 to 1975, where it stated that for the Kingdom's future socio-economic prosperity, the national workforce would have to become active participants in the private sector (Hertog 2014a:17; Alsheikh 2015:4,5). In addressing national manpower in the labour market, the first development plan declared that nationals should consist of at least 75 per cent of a company's workforce and a minimum of 51 per cent of the wage bill should be directed towards the salaries of Saudi employees (Hertog 2014:17a; Alsheikh 2015:4,5). These goals were further supported by the Labour and Workman Law of 1969, where it legally stipulated that the right to employment is first and foremost reserved for the Saudi national workforce and only under certain circumstances, can employment in the Kingdom be exercised by non-national labour.

Since the sixth development plan of 1995-2000, the Saudisation policy has become a central governance strategy, because it addresses the burgeoning national unemployment, budget restraints of the state and critically, assists the state in their economic diversification efforts (Saudi Hollandi Capital 2012:2-3). As identified in Fig.8, the Saudisation goals have continually evolved in response to the requirements of the labour market, but more so, to the development agenda of the state. Indeed, as will be discussed in section 5.4.1 despite the government attempting to design a comprehensive policy, for the length of time the strategy has been adopted, its implementation has had modest results. For example, between the 1970s and 2000s, with targets fluctuating between 75 per cent to 15 per cent respectively, by 2010, only 10.4 per cent of the private sector workforce comprised of Saudi nationals and thus, 89.6 per cent of the economically productive sector was comprised of migrant workers (Alsheikh 2015:4). As a result, in 2011, the government attempted to regain control of the labour market by designing and implementing a new and improved nationalisation based program, formally named the Nitaqat (Alsheikh 2015:4-5).



(Fig.8: The Evolution Of Saudisation Based Goals) (Information Source: Saudi Hollandi Capital, 2012)

The Nitaqat, meaning ‘ranges’ in Arabic, is the most recently developed regulatory framework that assists the government in achieving their continuous nationalisation efforts and was designed to make companies more responsible in boosting the presence of Saudi nationals in the labour market, especially the private sector (Ministry of Labour 2011:1-2). This scheme is a more sophisticated governance system, because all companies in the private sector are classified into four colour coded bands that represent their level of Saudisation, all of whom, are to assist the government in meeting their target of creating 3.5 million new private sector jobs for the Saudi workforce by 2025 (Saudi Hollandi Capital 2012:1-3). In meeting this target, the Ministry of Labour stated that it will significantly contribute to the vital labour market modifications which are required to create a more balanced and efficient private sector labour force and a more socio-economically active national population (Ministry of Labour 2011:1-2).

The Nitaqat quotas that companies must achieve are determined by their labour market based activity such as their industry sector and also the size of their workforce and therefore, there are quota variations across the whole labour market (Ministry of Labour 2011:1-2). Currently, the labour market has been divided into 41 economic based activities and further categorised into five classifications based on the company workforce size (Saudi Hollandi Capital 2012:1-3).

Number of Employees	Nitaqat Company Classification	Nitaqat percentage
1 to 9	Micro	Excluded from the Nitaqat programme
10 to 49	Small	5 to 24 per cent
50 to 499	Medium	6 to 27 per cent
500 to 2999	Large	7 to 30 per cent
3000+	Giant	8 to 30 per cent

(Fig:9: The Five Classifications of Companies Under the Nitaqat Scheme) (Sources: Ministry of Labour 2011:1-3; Saudi Hollandi Capital 2012:1-3)

As shown in Fig.9, the Nitaqat classifies companies depending on the size of their work force and through ranking companies in such a manner, the main objective is that 50 per cent of private sector companies in each category are within the Premium and Green Nitaqat Bands (Ministry of Labour 2011:1-5). Once the private sector company has been calculated according to their workforce size and have been set their quota, the company are then assigned to one of the four coded Nitaqat bands which range from Premium, Green, Yellow and Red (Ministry of Labour 2011:1-5). These bands have been designed to be reflective of the company's performance and depending on the Nitaqat band they are in, will either receive incentives or disciplinary measures (Saudi Hollandi Capital 2012:1-3).

Companies in the Premium and Green Nitaqat bands are rewarded by being able to recruit workers from any international labour market and apply for open profession employment visas for their migrant workers (Ministry of Labour 2011:1-5). They are also allowed to recruit and transfer both national and migrant labour from companies in the yellow and red Nitaqat band without obtaining prior consent from the worker's employer (Saudi Hollandi Capital 2012:1-3). The companies are able to change the professional role of their migrant workers within the company, even to the occupations that have been reserved for the Saudi workforce (Ministry of Labour 2011:1-5). Due to their exceptional level of Saudisation, the government also allow the company to have a grace period of up to one year to renew their commercial registration and relevant licenses in the instance when they fail to do so within the original validity period (Ministry of Labour 2011:1-5).

Whilst companies who are failing to meet their quota and are in the yellow and red categories, disciplinary measures have been put in place to serve both as a means of penalising non-compliant companies, but to also act as a deterrent for private sector companies who are not persistent in their Saudisation efforts. For example, the government have placed restrictions on companies being able to recruit both national and migrant labour and have a restricted timeframe to be able to hire any more additional Saudi workers (Ministry of Labour 2011:1-5). In the case of migrant labour, they are only eligible to be issued a short-term visa if they work for a yellow Nitaqat band company and are further prohibited to apply for a new work visa once their original visa has expired. They are also prohibited from transferring their employee's sponsorship to any other employer (Ministry of Labour 2011:1-5). However, the labour migrant is able to seek employment opportunities without the consent of their employer and if they have been in the Kingdom for less than six years, they are able to renew their work visa, which is done through the migrant worker moving to a company in the premium and green bands (Ministry of Labour 2011:1-5). Yellow and red band companies also lose authority and control over their workforce, who are supported under this scheme to seek new employment ventures in companies in the premium and green bands and are further prohibited from opening new business branches and even new business ventures (Ministry of Labour 2011:1-5). Over time, non-compliant companies will have limited economic mobility within the Kingdom and thus, eventually close (Ministry of Labour 2011:1-5).

5.4. The Policies in Practice: Transforming Towards a Late Rentier Labour Market Formation

The Kingdom has been one of the most active GCC member states to have resolutely sought to restructure the labour market through the Kafala system and nationalisation based initiatives, with the recent Nitaqat exemplifying their continued effort. Indeed, over the decades, there have been numerous debates surrounding their effectiveness (Alsheikh 2015:3,4). Whilst with Vision 2030 seeking to reform the labour market through the continued adoption of these policies, it is important to question therefore, have the Kafala system and Saudisation strategies contributed to restructuring the Kingdom's labour market away from its rentier-based formation of socio-economic segmentation? If not, what have been the barriers to their successful implementation? In this section, it seeks to argue that despite modest improvements in the participation of the national labour force in the private sector, the Kingdom's labour market continues to be deeply segmented along socio-economic lines because rentierism still fundamentally underpins the activity of socio-economic actors. Therefore, as asserted by the late rentier model, the biggest barrier to restructuring the Kingdom's labour market over the 21st century will be the continued prevalence of rentierism in the Saudi Arabian political economy (Gray 2011:37).

5.4.1. Towards a Restructured Labour Market: The Continuation of Its Rentier Formation with New Labour Force Dynamics

The central objective underpinning the governance of the labour market is to combat the burgeoning national unemployment rate, increase the employment of the national citizenry in the private sector labour force and decrease the extreme dependency on migrant labour (Alsheikh 2015:3). Statistically, the policies have had some minor success, especially in recent years when the Nitaqat and Kafala system became more integrated. For example, national manpower in the private sector increased from 10.4 per cent in 2011 to 14.4 per cent by 2014 (Ministry of Labour 2013:56; Alsheikh 2015:3). Whilst

in regard to the migrant workforce, in 2011 they constituted 89 per cent of the private sector and by 2014, had modestly fallen to 85.6 per cent (Ministry of Labour 2013:56; Alsheikh 2015:8; De Bel-Air 2014:3). A consultant to the MoL noted that with the concurrent application of the Nitaqat and the Kafala system, this has encouraged private sector companies to employ more Saudis and as there is;

‘...greater participation of nationals in the private sector ... this is contributing to restructuring the economy and labour market and is helping reducing national unemployment...’

[Abdul:20/01/14]

Through the Nitaqat and Kafala system becoming more aligned, it has also encouraged greater participation of social groups that have largely been marginalised, such as the female demographic (Hassan 2014:5,6). According to the late rentier model, the state needs to be responsive to the ambitions of society and particular social units such as the youth (Gray 2011:25). Within the model, this responsiveness is particularly focused on their political participation, but it should be broadened to include economic involvement and further applied to the female population. Historically, the Kingdom has had one of the globe’s lowest female workforce participation rates, but this is set to change because the Ministry of Labour recently announced that securing suitable employment for women is one of the most critical ambitions that must be achieved for the Kingdom to be a strong and diversified political economy in the 21st century (Zoepf, 2013; Vision2030,2016). Vision 2030 also declared that to end the Kingdom’s reliance on oil, they need to utilize a traditionally untapped source of labour and economic productivity, which is the female population and as a result, it has been proclaimed that a female revolution has begun (Zoepf, 2013; Vision2030,2016). One of the major changes that has assisted females participating in the labour market is through their increasing education attainment level (De Bel-Air 2015:11; Chew, 2015). According to a business owner, the influence of females;

‘...is advancing at a speedy rate, as they seek a higher level of education and a well-paid career path...’

[Nadir:15/08/14]

In 2016, 46 per cent of new candidates in tertiary education were women, 57 per cent of whom, specialised in social science and humanities based studies (Vision2030, 2016; OECD, 2016a:1,2). Within the university system, institutions are also broadening the subjects available to women so they can meet the requirements of the labour market and consequently, can now study law, architecture and business administration (Chew, 2015; OECD, 2016a:1-2). In the present day, approximately 90 per cent of the female labour force have a university degree and are respected professionals within their chosen field and a vital actor in the economic diversification efforts (Hassan 2014: 5,6; OECD, 2016a:1-2).

Whilst within the labour market, their participation has gradually increased over the last two decades. In 1990, the female participation rate stood at approximately 10.7 per cent and rose to 13.2 per cent in 2000 (ILO, 2017; Worldbank 2017d). By 2010, it increased to 14.9 per cent and by 2016, female participation was approximately 15.2 per cent (ILO, 2017; Worldbank, 2017d). Admittedly, this is still extremely low in global and regional comparison, but it does indicate how they are having an increasing presence in the Kingdom’s labour market. The Nitaqat is attributed to this change, because since its implementation, private sector female employment has increased from 215,000 in 2012 to 496,000 in 2016 and by 2020, women should comprise 28 per cent of the labour force and by 2030,

should constitute 30 per cent (Chew, 2015; De Bel-Air 2015:17; Vision2030,2016). This transforming role of females was also ascribed to the Nitaqat by a consultant to the IPA, because women;

‘...contribute to the companies achieving their Nitaqat quota, so are becoming an attractive alternative to companies who are employing ghost workers and overly depend on the migrant workforce...’

[Asim:15/03/14]

As the Nitaqat is being applied more strictly and companies are facing harsher penalties that could potentially close their business, the private sector are under extreme pressure to adhere to the Nitaqat and actively recruit from the national labour pool (Hassan 2014:5-6; Beiter, 2016). Consequently, the female labour force are considered to be an effective solution, because according to a consultant to the MoL, they;

‘...contribute to the replacement of the migrant workforce...’

[Abdul:20/01/14]

The increased participation rate of females can also be attributed to the feminization initiative, which is a gender-focused decree introduced by King Abdullah in 2011 and sought to encourage tens of thousands of Saudi women into the labour market (Zoepf, 2013; Hassan 2014:5-6). It initially focused on permitting them access to employment opportunities in hospitality and retail and family focused stores (Beiter, 2016). However, as the Nitaqat advanced, it was recognised that to increase the proportion of the Saudi workforce in the competitive private sector, then women must be drawn upon and encouraged to contribute to the national diversification efforts by having access to more occupations (De Bel-Air 2015:17). Accordingly, this feminisation initiative was broadened to include legal work, diplomatic services, pharmaceutical and optical professions and in the media such as newspaper editors (Zoepf, 2013; Chew, 2015). The same MoL consultant noted that this feminization initiative will;

‘...benefit the future role of the female labour force, as thousands more will have greater access to employment opportunities and will aid their socio-economic mobility within the Kingdom...’

[Abdul:20/01/14]

Indeed, a business manager noted that across the private sector, there is an underlying view that the feminization initiative was only adopted because;

‘..all other aspects of the labour reforms have ultimately failed and so, are desperate to try and regulate another section of the workforce and attempt to retain political legitimacy...’

[Andrew:28/06/14]

This indicates that the late rentier Saudi state is starting to think long term about their Kingdom's socio-economic prosperity, but more so, their own political survival (Gray 2011:33-34). Because if females continued to be marginalised in the economy based on their gender, like the youth, it would eventually lead to them losing their sense of worth, become idle and thus, potentially politically oppositionist (Gray 2011:33-34). Due to the implied risk of popular uprising as exemplified by the 2011 Arab Spring, the late rentier state of Saudi Arabia has no choice but to be responsive in some manner to the socio-economic needs of society and in this case, it means jobs for women (Gray 2011:25). This perspective is supported by the fact that when this feminization initiative was

announced, it was at the height of the regional socio-political instability and consequently, many jested that this was the political elite's response to the Arab Spring (Zoepf, 2013; Harrod, 2014).

Indeed, women and their socio-economic status continues to be confined by the Kingdom's Islamic religion and culture, whereby they are essentially rendered legal minors due to being under the guardianship of leading family males (Zoepf, 2013). Therefore, when the decree was announced and enabled women to interact with men outside of their family network for the first time, it was branded a crime amongst the religious elite (Harrod, 2014). Therefore, as noted by a business owner, the advancing socio-economic profile of females has;

'...not been reflected in the rate of reform in the wider Saudi society, as they still experience obstacles due to the religious and cultural practices of the Kingdom...'

[Nadir:15/08/14]

Consequently, if Saudi Arabia wants to truly diversify their economy through integrating women in the workforce, the political elite will have to address the traditional cultural structures that are impeding their progression towards being fully engaged and active citizens (Beiter, 2016).

Whilst another central goal of the Kingdom's labour market governance strategy is to end the extreme dependency on the migrant workforce. There has been a modest decline, whereby between 2011 and 2014, their presence in the private sector labour market reduced from 89 per cent to 85.6 per cent respectively (Ministry of Labour 2013; De Bel-Air 2014:3; Alsheikh 2015:8). Equally, in recent years, the country has also experienced one of the highest labour migrant influxes for decades and thus, the labour market continues to be extremely dominated by migrants (Alsheikh 2015:3,8). This has been attributed to the Nitaqat and its adoption of the Kafala system as an implementation mechanism, because companies in the yellow and red categories will lose their migrant workforce to premium and green status companies (Alsheikh 2015:3,8). This strategy has reinforced the presence of migrant labour, because they have had to transfer their sponsorship and adjust their residency and professional status in line with their new contract with their companies in the premium and green categories (De Bel-Air 2015:18). Accordingly, it has contributed to more than 403,000 migrant workers renewing their employment visa and residency permit on an annual basis, compared to 198,000 sponsorship renewals prior to the implementation of the Nitaqat in 2011 (Ministry of Labour, 2013; De Bel-Air, 2015:18-19). A result of the Nitaqat, therefore, has been the extended residency and socio-economic presence of migrant workers in the Kingdom (De Bel-Air, 2015:18).

This issue has been reinforced by the amnesty periods held by the government to assist in regularising the status of migrant workers and thus, contribute to a more effective implementation and monitoring of the Nitaqat. In 2012, the government claimed that approximately 5 million migrants were working and residing in the Kingdom illegally (Ministry of Labour, 2013; De Bel-Air 2014a:7). Accordingly, in 2013, there was an amnesty period held, whereby migrants who were working and residing in the Kingdom illegally were able to come forward to the government and seek authorisation to acquire a legal status and seek sponsorship from another company within the top two Nitaqat categories (Alsheikh 2015:3,8; De Bel-Air 2015:19). Whilst in the recent 2017 amnesty period, the Ministry of Interior stated that it would force migrants who have violated their visas to formally leave the Kingdom without penalty and return through the legal process (Hassan, 2017). Resulting from these amnesty periods, over five million migrant workers have become regularised, whilst there has been a mass exodus of one million migrants who either left the Kingdom on their own accord or deported (Ministry of Labour, 2013; De Bel-Air 2015:19). Indeed, a business owner noted that this strategy has

maintained the structure of the labour market, because by enabling migrant workers to leave the Kingdom without penalty, this encourages private sector companies to;

‘...bring back their workers, this floods the labour pool and enables employers to continue to have access to cheap transient labour...’

[Nadir:15/08/14]

Therefore, amnesty periods assist the Kingdom’s migratory pattern to continue and in effect, oppose what the main objective of the governance strategies are, which is to strictly regulate the socio-economic mobility and reduce the volume of migrant manpower. Indeed, this does represent the late rentier argument that Saudi Arabia is opening up to the globalization process (Gray 2011:25). For example, Saudi Arabia was once an open economy with a closed society, but since the 1990s, the state started to implement economic reforms that would assist their acquisition of membership to global organisations such as the World Trade Organization, which they successfully acquired in 2005 (Wilson 2006:165; Gray 2011:2,26). As globalization is an important dynamic of late-rentierism, the Kingdom have adopted measures such as the regularisation of migrant manpower therefore, to create a conducive economic environment which attracts FDI and thus, easing the entry and socio-economic activities of both investors and workers is crucial to the Kingdom’s participation in the global economy (De Bel-Air 2014a:10).

Due to the stricter implementation of the labour market policies, they have also contributed to the closure of many private sector companies. For example, prior to the implementation of the Nitaqat, there was approximately 2 million economically active companies, but with the new stipulations and categorisations under the program, more than 200,000 firms were closed within the first year of its adoption (Ministry of Labour, 2013; Ghafour, 2014). These closures were attributed to the fact that as companies in the red and yellow categories failed to meet their quota, they lost their migrant manpower to companies in the premium and green categories and had no workforce to be economically viable (Ghafour, 2014). However, despite the Nitaqat having an impact on the structure and activities of the private sector, approximately 67 per cent of jobs created still go to the migrant workforce (De Bel-Air, 2015:18). Therefore, despite some modest success from these policies, the structural dynamics have not changed because the labour market continues to be deeply divided between the public and private sector and between the national and migrant workforce (Alsheikh 2015:3,8; De Bel-Air 2014a:3).

5.4.2. Impeding Implementation: Barriers to Transforming Towards the Late Rentier

Despite the Kingdom’s increased effort in regulating the labour market, there are numerous interconnected issues that have challenged the effective implementation of the policies, because through the continued mismatch between the national education system and requirements of the labour market for example, dubious employment practices have been adopted in order for private sector companies to meander around the policy stipulations. Through exploring the structural barriers, it will be evident that although the late rentier Saudi state are taking on different politico-economic dynamics, the activities and behaviour of the private sector, political elite and labour force continue to be underpinned by rentierism and therefore, is the biggest barrier to transforming the Kingdom’s political economy over the 21st century (Gray 2011:23).

One of the most significant obstacles to reforming the Kingdom's labour market and wider political economy is the continued culture of oil and education mismatch of the national citizenry (De Bel-Air, 2015:19). Over the oil development decades, due to guaranteed public sector employment, more than 80 per cent of national graduates undertook studies in social sciences, humanities and religious studies, whilst 20 per cent undertook vocational training in areas such as architecture, engineering and medicine (Mahdi 2000:13-14). This overcrowding in the social and religious sciences created an emerging national labour force that was not in line with the requirements of the private sector labour market (Mahdi 2000:25-26). Reinforcing this was the national citizenry's attitude towards employment, where they sought high status public sector white-collar jobs, instead of manual labour and private sector employment, even if it had a similar salary and status as their government job (Mahdi 2000:25-26). Rentierism, therefore, created a detached national workforce who sought public sector employment due to its flexible working hours, better salaries and status (Mahdi 2000:25-26). The tyranny of oil-induced high expectations continue to prevail, because young Saudis deem it a birth right for government employment and has further diluted any incentive to acquire the education and skills needed by the private sector (The Economist, 2016). Consequently, 80 per cent of current national graduates still acquire a theological and humanity based degree and thus, the Saudi workforce are still mismatched from the requirements of the private sector labour market (De Bel-Air 2015:19). This continued rentier nature of the national citizenry, according to a private sector managing director, is disconcerting because;

'...we are legally required to meet the Nitaqat quota, but finding relevantly skilled and productive nationals...who are competent enough is extremely difficult... public sector employment is the 'go to' for the majority of the national workforce and we can't change that and neither can the government through the forced Nitaqat quotas...'

[Andrew:28/06/14]

Despite sweeping socio-economic reforms, therefore, rentierism continues to significantly inform the interplay between the national workforce and their choice of education and employment sector. To successfully address this deeply embedded dynamic, the political elite would have to restructure the social contract, but because the autocratic state largely maintains power through providing public sector employment and welfare provisions to the national citizenry, they are unable to change this dynamic without threatening their political rule (The Economist, 2016). Thus, the late rentier Saudi state can adopt strategies that seek to diversify the economy, but the policy response to the national citizenry will still be based on maintaining the political status quo through continued rentierism (Gray 2011:26,36). This has further negative ramifications on the governance of the labour market, because it weakens the demand from private sector companies to employ Saudis, despite having to meet Nitaqat quotas (The Economist, 2016). This issue, according to an ILO senior consultant, exemplifies how the labour market policies are not suitable and relevant to the Kingdom's context, because they;

'...do not encourage real labour market reforms. They just cover the fractures of an unsustainable economic model and socio-political practices that have impeded the development of good work ethics...They are impeding the economic productivity of the private sector...for the sake of the state to maintain some form of political legitimacy...'

[Habib:19/04/14]

The Nitaqat quota system therefore, is a classic example of poor economic policymaking, because it continues to corrupt the work ethic of the national citizenry, whereby they are employed in the private sector based on their nationality and not their ability and skill set (The Economist, 2016). The

workforce and companies have also found ways to sidestep the quotas, so they can continue their current economic and employment activities. To do so, numerous dubious practices have been adopted and one of the most common approaches is that of phantom employment, which is where a national citizen is employed as a ‘ghost worker’ and on the company’s payroll, but do not attend or do any work for the company (The Economist, 2016). This strategy according to business owner, is how many;

‘...do business in the Kingdom...and a way for companies to achieve their Nitaqat quota...we need to find ways to ensure our economic productivity is secure and that is through practices such as ghost workers...’

[Nadir:15/08/14]

Evidently, the quota system has been distorted, because it has created an incentive for private sector companies to offer low-wage jobs to the national citizenry, who do not undertake the role but assist the company to achieve their quota in return for a salary (The Economist, 2016). It has been estimated that there are hundreds of thousands of ghost workers, but because it is an undocumented phenomenon, there is no real way to measure the extent of phantom employment, which has been branded as an unofficial tax on companies (De Bel-Air 2015:4-9; The Economist, 2016). This issue is also interlinked with the widespread creation of fictitious ‘ghost’ companies, which are set up to recruit migrant workers, who then illegally sell the visa to other migrants, who then use the illegal documentation to work for another employer (De Bel-Air 2015:4-9). The purpose of this practice is to continue the recruitment of cheap migrant labour, who are employed on fraudulent visas and thus, assist companies to maintain their position within the premium and green Nitaqat categories and reap their socio-economic rewards (De Bel-Air 2015:4-9; The Economist, 2016). Through employing a migrant worker on a fraudulent visa, this alleviates the private sector employer of any socio-economic responsibility associated to being the official kafeel and according to a consultant to the IPA is a;

‘...form of protest from the private sector, as the government are stopping the recruitment of skilled migrant manpower...’

[Asim:15/03/14]

The Saudi Arabian General Investment Authority have estimated that fictitious companies recruit and sponsor more than 80 per cent of the Kingdom’s undocumented migrant workers and has contributed to the Nitaqat not fully achieving its objective of creating genuine employment opportunities for the national workforce (Arab News, 2013). The economy also loses approximately SR45 billion on an annual basis due to phantom employment, visa trading and fictitious companies (Arab News, 2013). Indeed, these practices are also a form of rent seeking, which continues to be a critical informal source of political legitimacy for the late rentier Saudi state (Gray 2011:23). Therefore, these illegal practices will continue, because companies very rarely get prosecuted and if they do get a court order, it is not a serious issue because the company will just be closed down and thus, another one will start up in its place (De Bel-Air 2015:4-9; The Economist, 2016).

The aforementioned issue is also directly facilitated by the Kafala, which has garnered international criticism, because it legally situates the migrant worker under complete control of the Kafeel and renders the migrant completely dependent on the goodwill of the sponsor (Zahra 2015:3-4). This according to a consultant to the ILO, structurally enforces a complex and undesirable power imbalance between the kafeel and migrant, because it;

‘...constructs and promotes practices which essentially equates to modern-day slavery, where the migrants’ human and labour rights are abused and who are often in precarious environments which they can’t escape from due to the Kafala binding the migrant to the sponsor...’

[Habib:19/04/14]

As the government have delegated the majority of regulatory power to the national sponsor and fail to hold them accountable to provide decent employment practices in line with international labour standards, corrupt practices and abuse is prevalent yet undetected (Zahra 2015:3-6). This issue according to a lawyer, is reinforced by the fact that migrants have limited rights within the legal framework of the Kingdom and consequently, their ‘temporary’ employment experience is usually characterised with;

‘...extremely long working hours...delayed salaries...nonpayment of salaries...physical abuse...labour migrants essentially have no rights and the Kafeels are not held accountable by the government, so these corrupt employment practices will continue and be facilitated by the warped Kafala system...’

[John:06/04/14]

These exploitative employment conditions are perpetuated by the visa structure of the system, because as the migrant is bound to the kafeel, if conflict arises due to abuse and the migrant absconds, they immediately lose their legal status and right to temporarily reside and work in the Kingdom (Zahra 2015:3-4,16-17). It has been estimated that approximately 5 million migrant workers, who entered and resided in the Kingdom legally, have become illegal and part of the informal labour market with no protection against the system (Ministry of Labour, 2013; De Bel-Air 2014a:7). Entrenching this issue further is the fact that the migrant worker is required under the visa stipulations to obtain an exit permit from their sponsoring employer, of whom they have escaped from and therefore, receiving the sponsor’s permission is often difficult and for some, impossible (Zahra 2015:3-4,16-17). This issue is attributed to the legacy of rentierism, because as noted by a legal advisor, the Kafala has been a mechanism that prohibits the migrant workforce from accessing basic socio-economic rights and mobility, in order to maintain the socio-economic status of the Saudi ‘rentier citizen’. This has created a belief amongst kafeels that they have the authority to strictly control the migrant workforce, because as they have been delegated the responsibility to regulate the mobility of migrants, they are often;

‘...overpowering and suppressing the rights and mobility of migrants, in order to protect the natural rights of those who are blessed with having Saudi citizenship...’

[Karam:14/06/2014]

Therefore, as the Kafala system continues to be a mechanism that strictly regulates the mobility of the transient migrant workforce, whilst affirming the status of the rentier Saudi citizenry, the policy has further entrenched the rentier bargain between the state, society and business actors (De Bel-Air 2014:7). Due to the Kafala system evolving into an apparatus of political legitimacy, therefore, this will be a major barrier to transforming the political economy, because the state continues to adopt the system, primarily because they do not want to undermine their own political stability (De Bel-Air 2014:7). Therefore, as the Kingdom transforms further into a late rentier state, old rentier bargains and policies will still continue, because the nexus between the political elite, society and the private sector continues to be underpinned by rentierism (Gray 2011:33;36).

This is also evident in the case of the 2011 Arab Spring, which exemplified how segments of society were beginning to oppose their longstanding socio-political and economic marginalisation. Indeed, this event also demonstrated how oil rentier bargains are still used to bring back socio-political order in times of instability. According to the late rentier model, states such as Saudi Arabia will begin to take on new socio-economic dynamics as exemplified throughout this chapter, but rentierism continues to underpin the state-society nexus and ensures the durability of the political regimes (Gray 2011:26). It was no surprise, therefore, when socio-political unrest started to spread throughout the region, rentierism was drawn upon to maintain the Kingdom's socio-political stability. Even noted by Gray (2011:36), Saudi Arabia is a prime example to support the continued validity of rentierism and how it continues to dominate the nature of the political economy. For example, the Saudi regime was particularly alarmed at the unrest in Bahrain and was fearful of the risk of the protests spreading to the Kingdom's Shia community and even amongst the wider Sunni society (Gray 2011:22). In response, King Abdullah and the political elite rapidly rolled out traditional rentier-style largesse and offered welfare packages amounting to US\$129 billion to quell social dissent (Gray 2011:22). This rentier reaction, according to a business owner, undermined the labour market governance strategies and effort from the private sector, because due to the political elites response;

'...to the Arab Spring, although understandable, just wipes away any effort made by the private sector to keep the national population happy, by giving them more public sector opportunities...the government...politically mocked and undermined our efforts...'

[Nadir:15/08/14]

Within the comprehensive welfare packages, social security and housing were offered, but the most critical provisions in maintaining socio-political order was how the state responded to the issue of employment. The government immediately implemented a private sector minimum wage of SR3,000 (\$800) for the national workforce, alongside a pay rise and greater employment opportunities in the public sector (Hertog 2014a:15-16; De Bel-Air 2014a:4). Whilst in regards to the national citizenry who were seeking employment, they were beneficiaries of the 'Hafiz' program, whereby both female and male Saudis were given a monthly grant of SR2,000 (\$533) for up to one year whilst they were unemployed but actively seeking employment opportunities (De-Bel-Air 2015:4). Despite attempts at amending the social contract, whereby the government are no longer the primary employer and provider for the national citizenry, rentierism continues to underpin the Kingdom's political economy and the policy response to socio-political and economic challenges (Gray 2011:26,36). Therefore, when socio-political instability ensues, the longstanding objective of restructuring the labour market is essentially overridden by the political-elites ambition to stay in power and thus, as the Kingdom transforms further into a late rentier formation, the state and society will still look to old rentier bargains to maintain the status quo (Gray 2011:36).

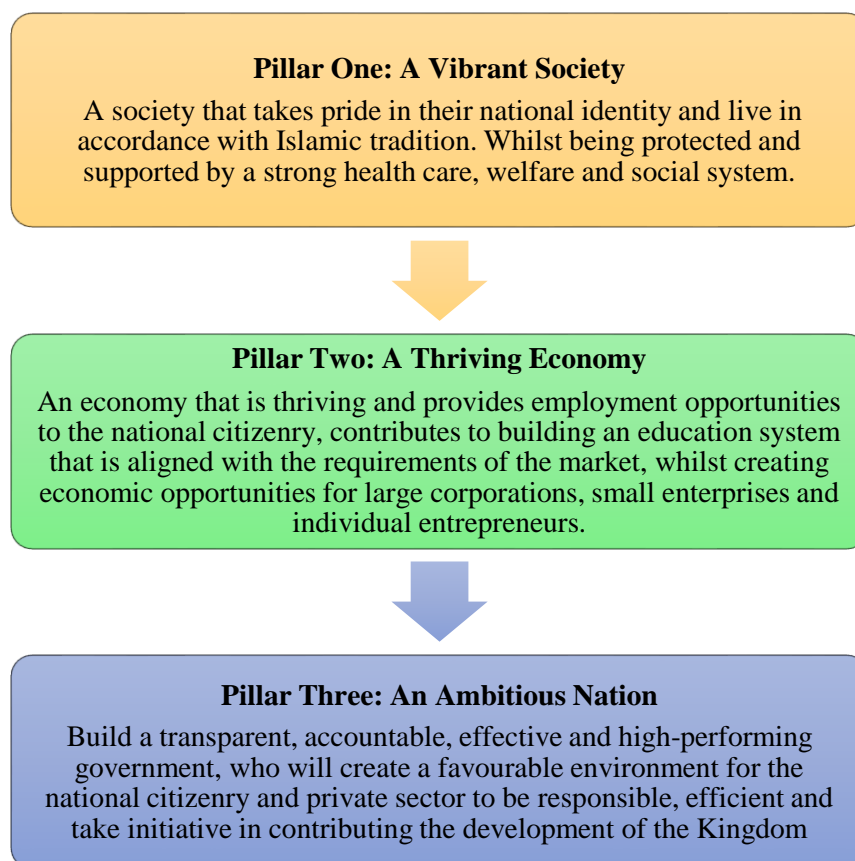
5.5. Transitioning Towards the Late Rentier Political Economy: The Adoption of an Active Development Model and Economic Policy

According to the IMF, with continued global oil price volatility, the Kingdom's rentier economy is so unsustainable that within five years, Saudi Arabia could be bankrupt (Lakin 2016:2-3 Nakhoul et al 2016:1-4). With this dire prediction in the minds of the ruling political elite, the late rentier Saudi state has started to think about the long-term stability and prosperity of the country by setting ambitious plans that will completely transform the rentier constructed politico-economic structure, of which,

will see the end of the Kingdom's oil addiction and purely distributive based social contract (Gray 2011:21,28; Nakhoul et al 2016:1-4). As reforming the role of private sector actors and the labour force is essential in fulfilling the national diversification ambitions, this brings into question, how is the governance of the labour market situated within the newly adopted development agenda and what are the proposed next steps for the Saudisation policy and Kafala System? In this final section, it seeks to explore these issues and in doing so, it will be evident that the late rentier Saudi state has an economic policy and development agenda that seeks to transform the Kingdom's political economy over the 21st century (Gray 2011:28).

5.5.1. The Kingdom's Late Rentier Development Agenda: Vision 2030 And the Three Pillars of Transformation

To end the longstanding oil dependent development model, the extremely ambitious Vision 2030 has been adopted to revolutionise the Kingdom's political economy (Vision2030 2016:6,13). To successfully transform Saudi Arabia by 2030, as shown in Fig.10, the Vision proposes that the national diversification efforts need to be guided by a comprehensive development agenda and based on three strong pillars consisting of a Vibrant Society, a Thriving Economy and an Ambitious Nation.



(Fig 10: The Three Pillars Of Vision 2030) (Information Source: Vision2030 2016:6,13)

Evidently, Vision 2030 seeks to be the road map that will guide the national diversification efforts over the 21st century, by identifying major objectives which aim to make the Kingdom a pioneering global leader (Kerr, 2016). As this Vision also seeks to end the country's oil addiction, it exemplifies how the late rentier Saudi state are starting to think long term about their country's future and moving

beyond the minimal routine management of their economy towards a more progressive and active approach in regulating the Kingdom's socio-economic affairs (Gray 2011:28). Within the following sections, the discussion will particularly focus on pillar two and three, because they are where the participant's responses are situated and equally critical, where the governance of the labour market is addressed.

5.5.1.1. A Thriving Economy: An Oil-Driven Knowledge Based Economy

As promulgated by the late rentier model, Vision 2030 seeks to transform the Kingdom from being oil dependent into being oil driven, by setting a new blueprint that will reorient the Kingdom's economy towards the private sector (Gray 2011:30,31; Vision2030 2016:5,43,61). To successfully economically diversify, achieving goals such as increasing non-oil export GDP from 16 per cent to 50 per cent, increasing foreign direct investment from 3.8 per cent to 5.7 per cent GDP and increasing the contribution of the private sector to the Kingdoms GDP from 40 per cent to 65 per cent will be vital (Vision2030 2016:53, 61). Whilst in regards to the labour market, reducing national unemployment to 7 per cent alongside increasing the participation of women in the labour market to 30 per cent will be advantageous (Vision2030 2016:39). Central to creating a thriving economy therefore, surrounds reducing the role of the public sector, empowering the private sector to spearhead the employment of the national citizenry, whilst being the vehicle of economic growth (Vision2030 2016:61,53; Hubbard, 2016). Through achieving these goals, the government have announced that it will end the Kingdom's oil rent addiction and by 2020, Saudi Arabia should be able to function without oil (Hubbard, 2016; Kinninmont 2017:10).

To fulfil the Kingdom's ambition of creating a thriving economy that is no longer dependent on oil rents, both the late rentier model and Vision 2030 propose that a knowledge based economy is a strong and sustainable solution (Gray 2011:23,30,34; Vision 2030:37,40). A consultant to the MEP also noted that the Kingdom is shifting their focus towards being knowledge based where;

"...education and economic growth...is rooted in diversified economic activities. So, the Kingdom will continue to seek a comprehensive...knowledge based...development strategy, which involves all sections of society"

[Fouad:24/02/14]

Whilst according to a consultant to a the IPA, diversifying the political economy towards being knowledge based will facilitate the creation of a well-educated and relevantly skilled labour force, because through investing in higher education, this will encourage the national citizenry to be active agents in the;

'...the social and economic advancement of the country...'

[Asim:15/03/14]

Accordingly, Vision 2030 particularly focuses on encouraging the national citizenry to obtain a relevant education so they are prepared to fully realise their own individual socio-economic potential, but more so for the fact that they will be able to assist in the national economic diversification process (Vision2030 2016:37,40). To do so, the state will facilitate their transition by offering them different educational pathways into the labour market, also referred to as 'learning for working' (Vision2030 2016:36). Through investing in a relevant education system, skill development programmes and

vocational training opportunities for both young men and women, they will be able to pursue a multi-faceted education which equip them for the jobs of the future (Vision2030 2016:36). Whilst in regards to public sector employees, by 2020, the government strive to train up to 500,000 of its employees with relevant skills needed by the economy and through building the national talent base, will create a population who are the future leaders of the Kingdom's development (Vision2030 2016:69). This strategy will also ensure that the outcome of the education system is aligned with the requirements of the labour market, especially the private sector (Vision2030 2016:36,40).

Another feature that is integral in building a knowledge-based economy is how the late rentier state addresses its international outreach and knowledge transfer and therefore, the Kingdom's education and scientific institutions will focus on conducting world-leading research and create socio-economic knowledge that will assist the country in diversifying into a productivity-led economy (Gray 2011:23,30,34; Vision2030 2016:41,43). To begin this process, largescale improvements to the research capabilities of universities will be made and by 2030, seek to have at least five higher education institutions ranking in the world's top two hundred, whilst encouraging students to become active in pursuing careers in internationally acclaimed research fields (Vision2030 2016:40;). To build the Kingdom's leading global position, the state are also seeking to draw upon their historic alliance with neighboring GCC states such as Kuwait and the UAE and open up gateways which are conducive to knowledge transfer and trade (Vision2030 2016:43). As noted by Vision 2030 and the late rentier model, creating a knowledge-based economy will be critical for the Kingdom's diversification efforts, because a central component of this strategy is to invest in the advancement of the national human capital and thus, national manpower (Gray 2011:23,30,34; Vision2030 2016:43,44). Because through offering a relevant education and greater opportunities for skill development, this will raise the competency of the national workforce who are better prepared to productively participate in the labour market, especially the private sector (Gray 2011:23,30,34; Vision2030 2016:43,44).

To further facilitate the establishment of a vibrant knowledge-based economy, genuine employment opportunities need to be created for the national citizenry, especially if they are encouraged to obtain an education that is aligned with the requirements of the private sector (Vision 2030: 37). Accordingly, the effective governance of the labour market is more critical than ever, because this will restructure the labour market and reform the role of different socio-economic actors which is vitally needed in order to create a strong vibrant oil-driven economy (Gray 2011:28: Vision2030 2016:40). To transform the Kingdom into the late rentier model advocated under Vision 2030, a consultant to the MoL noted that they need a stronger diversified economy and thus;

'...our labour market policies, especially...the Nitaqat programme, where the national population are advancing the national skill base and are increasing their participation in the workforce...will be critical in successfully diversifying the Saudi economy ...'

[Abdul:20/01/14]

In another supporting account from a business owner, for the Kingdom to successfully diversify into a knowledge-based economy, the Vision must adopt relevant labour market policies that create a;

'...a sustainable balance in the demographic structure, the labour market and economic activity...'

[Nadir:15/08/14]

The first step proposed by Vision 2030 is to continue adopting the current labour market policies, but to enhance their relevancy to the labour market and manpower through the establishment of a National Labour Gateway (TAQAT), which is comprised of industry specific councils, who are responsible for identifying the socio-economic skills and knowledge required by the industry sectors they represent (Vision2030 2016:36). This will assist in driving forward the transformation towards a knowledge-based economy, because the councils will identify and be responsible for creating vocational training opportunities and skill development programs for the national citizenry that are in line with the requirements of the private sector, but also conducive to innovative entrepreneurialism (Gray 2011:28-32; Vision2030 2016:36,37).

Crucially, the Vision also recognises that the late rentier political economy needs to be responsive to the socio-economic needs of the youth, who have been branded as being one the Kingdom's most important assets (Vision2030 2016:36; Hubbard, 2016). Whilst according to the late rentier model, the youth are a potential source of political opposition and thus, for the long term stability of the Kingdom, need to be addressed in the new development model (Gray 2011:34; Vision2030 2016:36; Hubbard, 2016). A legal advisor also noted that as the Kingdom is dominated by a large youth demographic, they need to be drawn upon to;

'...contribute to the wider development vision of a sustainable yet competitive economy and...evolve into a key actor in the national development efforts...'

[Karam:14/06/2014]

As the Kingdom has a vibrant and lively youth, the state will seek to harness their ambition and encourage their participation in the thriving economy, especially as private sector workers and entrepreneurs, which was promulgated by the late rentier model (Gray 2011: 28-32; Vision2030 2016:37). They will also become accustomed to a work culture that rewards determination and through lifelong training and skill development, will create a high performing workforce who will be a key driver behind the economic diversification efforts (Vision2030 2016:36). Indeed, although it is evident that the Kingdom is seeking to become oil driven by diversifying the economy towards being knowledge-based, as assigned by the late rentier model, questions surround this grand Vision as to whether it can truly transform the Kingdom from its rentier state formation, especially by its deadline of 2030 (Khashan, 2017). Because prudent analysts have stated that the only way the Kingdom's economy can truly diversify is through relinquishing the role of oil rents as the welfare provider of the national citizenry and basis of political legitimacy of the ruling elite (Khashan, 2017). Until then, the economy will diversify and take on new dynamics such as being knowledge-based and open to the globalized economy, but it will still be underpinned by rentierism because the state-society nexus of old is still intact (Gray 2011:23; Khashan, 2017)

5.5.1.2. An Ambitious Nation: Effectively Governed and Socio-Politically Engaged In a Responsive but Undemocratic Late Rentier Saudi State

To build a modern and ambitious nation, there needs to be a collective effort from all sections of society, because everyone who works and resides in the Kingdom have a responsibility to assist in building a knowledge-based economy (Vision2030 2016:72). In doing so, the national citizenry need to become independent and active members in the socio-economic arena and contribute to the creation of an ambitious nation who are effectively governed and socio-politically engaged (Vision2030 2016:72). As the Kingdom is seeking to transform the economy, this will alter the socio-economic

role of the private sector, but more critically, the national citizenry and through changing society's role in the socio-economic arena, it could be assumed that this will transpire in the political domain too. According to a corporate lawyer, they explained that it was crucial that the new Vision addresses the Kingdom's governance structure and political engagement of society, whereby the reforms need to particularly address the;

'...the patronage structure of the political sphere...until this is effectively addressed...the economy will stagnate and society will become more acrimonious towards the political regime...'

[John:06/04/14].

The political elite also have to be more strategic, because according to a private sector managing director, through making changes to the socio-economic role of society, for the state to preserve their political power, the Vision needs to implement;

'...new approaches which...give society a greater platform in the political arena...'

[Andrew:28/06/14]

These perspectives are supportive of the late rentier argument that with the Kingdom pursuing a new development agenda, the state has to be responsive to society's demand for political engagement (Gray 2011:22,25). Accordingly, Vision 2030 has set out to alter the state-society nexus and this includes within the political domain. The current narrative of 'a vibrant society' promises transparency, accountability and consultation with society and cautiously opening up a small space for civil society (Vision2030 2016:64-65,72). For example, a strategy adopted to boost transparency includes expanding online services and e-government portals, such as the Ma'an platform previously discussed, so private sector actors have a direct link to the relevant ministry (Vision2030 2016:65). Whilst to create a socio-politically engaged society, the Vision promotes that the political elite will deepen the communication channels between Ministries and the national citizenry by adopting more interactive online methods, of which have yet to be announced (Vision2030 2016:65). This strategy, in the view of the state, is sufficient political representation and participation for society, because this enables them to have their say and thus, the government can 'serve them better and meet their aspirations' (National Vision 2030:65).

Whilst in regards to the state itself, the Vision recognises that the role of the government has significantly changed over the decades and needs to continue evolving to be responsive to the expectations of society and to meet the socio-economic challenges the Kingdom face (Vision2030 2016:64). To do so, agile public organisations are to be created and assist in monitoring the performance of economic actors such as the private sector, but also that of the government and its ministries (Vision2030 2016:64). There have also been proposals to eliminate the Kingdom's supreme councils and replace them with the Council of Economic and Development Affairs and the Council of Political and Security Affairs (Vision2030 2016:65). Through creating a more robust government structure, whereby there is greater collaboration with other ministry departments, this should result in an efficient and evidence-based policy decision making-process that is rooted in making swift policy decisions that are implemented with successful results (Vision 2030 2016:65). Therefore, through exploring how the Kingdom is seeking to create an ambitious nation, it is extremely clear that the political elite are aware that to avoid democratization, they need to be responsive to socio-economic actors and have sought to appear to be so, by broadening the e-governance services and technological communication strategies, as noted by the late rentier model (Gray 2011:22,25). Indeed, as society continue to be on the fringes of the political domain and only have access to the political institution

through weak online ‘representative’ apparatus, fundamentally nothing has changed or will change to the rentier constructed political domain if Vision 2030 is followed to script.

5.5.2. The Governance of the Late Rentier Saudi Labour Market: What is Next for the Labour Market Policies?

With just over a decade to achieve the Kingdom’s ambition of transforming into a diversified knowledge-based economy, creating genuine employment will be fundamental in fulfilling this objective, but more critically for the political stability of the regime, they need to defuse the demographic time-bomb where there is a surging youth demographic seeking for greater socio-economic opportunities (Kerr, 2016). Therefore, Vision 2030 and labour market reforms have been promoted as the road map that promises long-term prosperity for the national citizenry, as long as they can withstand the initial discomfort of austerity and begin to productively participate in the private sector (Nereim, 2016). With the Kingdom’s attempt at transforming the national political economy over the 21st century, this brings into question, what is next for the labour market policies? Whatever their fate, for the Kingdom to transition further in a late rentier formation, the economic agenda needs to identify labour market policies with suitable goals in order for the ruling elite to become competent managers of their socio-economic development (Gray 2011:28).

2016 was a notable year for the Kingdom’s labour market, because not only was a new development vision announced, but the state reinvigorated their ambition to localize the labour market, whereby they have given the decades old Saudisation strategy more structure, definition and commitment to ensure that the policy finally restructures the labour market and rid it of its rentier dynamics (Deloitte 2016:25). As burgeoning unemployment is a looming threat, the state have declared that they will adopt all viable measures, because to cut unemployment to 7 per cent by 2030, the Kingdom will need to create 1.1 to 1.3 million new employment opportunities and thus, the state will directly intervene by influencing the supply and demand of the workforce and the activity of labour market stakeholders (Nereim, 2016).

In 2016 alone, numerous extensions to the Nitaqat were announced, all of which shared the common objective of protecting the socio-economic role of the national workforce (Deloitte 2016:26). Strategies such as applying stricter penalties, a greater emphasis on employers training their national workforce and increasing quotas to 100 per cent in the platinum category for sectors such as telecommunications, sales and technological maintenance roles were all under review (Deloitte 2016:26; TheNational, 2017). A ‘weighted Nitaqat’ was also proposed, whereby a company’s quota is influenced by other factors beyond their industry sector, such as their Saudi female workforce, the salaries of Saudi nationals and the number of Saudi workers in senior roles (Deloitte 2016:26). Evidently, the Nitaqat will continue, because the evolving stick and carrot-based system will strictly regulate the employment and recruitment trends of private sector companies.

These developments could corroborate the late rentier claim that the Saudi state is becoming more active in managing their socio-economic affairs through implementing a more robust Saudisation strategy (Gray 2011:28). Indeed, the continuation of the Nitaqat was considered by numerous participants to not be based on economic necessity, but was more politically motivated and the evolving stipulations declared serve the purpose of maintaining socio-political order. As noted by a corporate lawyer and senior consultant, they both shared the perspective that the Nitaqat;

‘...maintains the political legitimacy and power of the state, not to really reform the economy. Because if the economy became a separate entity from the state, this will definitely bring into question the political role of the state and why they are not accountable and representative of society, because they will no longer be the distributor of economic rents...’

[Habib:19/04/14]

The continued adoption of the Nitaqat therefore, is;

‘...politically motivated...it does not serve the society and more so the economy...and will continue to be misaligned to the needs of the national development trajectory and more so, moving the state away from its Rentier nature...’

[John:06/04/14]

These accounts support one of the main arguments made throughout this chapter and by the late rentier model, which is that despite the Kingdom adopting a new development agenda, the country is still fundamentally underpinned by rentierism (Gray 2011:36). In this instance, the manpower replacement strategy will continue to be adopted for the state to appear to be responsive to society and their employment challenges (Gray 2011:22,26,36). The Nitaqat therefore is a critical policy response that reduces the risk of social unrest, because although the state advocates that it will make significant changes to the labour market, it in fact continues to be implemented more for the preservation of power and maintenance of the rentier status quo (Gray 2011:22,26,36).

To support the implementation of Nitaqat, it has been proposed that the Kafala will still focus on restricting the recruitment of migrant workers in order to pressurise more companies to draw upon the national labour pool (TheNational, 2017). There will also be stricter regulation on the skill profile of the migrant workforce. For example, in the case of migrant engineers, they will be legally required to undertake and successfully pass a competency-based exam and have at least three years relevant work experience before they are granted a visa (Deloitte 2016:26). In doing so, this indirectly restricts the junior roles to the young national workforce (Deloitte 2016:26). To further restrict the migrant workforce, whilst combating the abuse the system facilitates, another proposed reform to the current system is to create a centralised governmental agency, who recruit the migrant workers directly and then sub-contract them out to private sector companies (Deloitte 2016:26). According to a consultant to the MEP, this will eliminate the individual function of the Kafala, because the government will become the legal sponsor for the migrant labour force and will therefore, lead to the Saudi individual or company to;

“...have less legal responsibility and will...hopefully diminish the likelihood of abusive employment conditions...”

[Fouad:24/02/14]

Due to international opposition to the Kingdom's sponsorship system, whereby it facilitates abuse and exploitative employment conditions that have placed some migrant workers in a system of forced labour, there have been calls for the state to abolish the Kafala (HRW, 2017). In the last decade, the late rentier Saudi state has sought to open up to the globalised community and implemented suggested socio-economic reforms in order to attain membership to the WTO and thus, are encouraged to adhere to international labour rights conventions (Gray 2011:26,35). Therefore, with the proposed reforms discussed, such as the Kafala being centrally governed, a private sector business owner noted that these changes will structurally alter the system so much that they will in effect make the Kafala;

“...a redundant governance tool...So I think the system will be abolished, it will have to be if the reforms are put in place and will eventually be replaced with a different governance tool...”

[Nadir:15/08/14]

Indeed, there have been unofficial reports throughout the media and social platforms that the Kingdom was going to follow Qatar's lead and 'abolish' the Kafala (Middle East Monitor, 2017). The Ministry of Labour rapidly responded to these recent reports however, stating that Kingdom will continue to adopt the sponsorship system and will not consider its abolishment (Middle East Monitor, 2017). Therefore, as Saudi Arabia opens up more to globalization, they will pursue socio-economic reforms that will enable the Kingdom to obtain membership to international organisations, but won't implement reforms with a strong socio-political danger, but will attempt to appear to be responsive (Gray 2011:26). For example, as noted by a private sector managing director;

‘...there has always been statements made about reforming the labour market governmental policies, but a common observation is that they are politically motivated statements in order for the state to be seen to be doing something. It's very much same old same old...’

[Andrew:28/06/14]

As the Kafala System and Nitaqat are underpinned by rent seeking activities as previously discussed, this has assisted the state to maintain their political legitimacy and as a result, these policies will continue to be implemented because they serve the purpose of repackaging oil rentier bargains between the state and socio-economic actors (Gray 2011:26,29,33). Rentierism, therefore, still underpins the Kingdom's political economy and will continue to be a fundamental dynamic as they transition further into a late rentier formation (Gray 2011:36).

5.6. Conclusion

The Kingdom of Saudi Arabia is currently undergoing a significant transformation in its political economy because as the state is seeking to restructure the migrant worker dominated and oil dependent economy into a modern, productive, private sector orientated economy that is operated by the national citizenry, they are gradually reducing their dependency on oil rents and diversifying towards the late rentier promulgated knowledge based economy (Gray 2011:36; Kerr, 2016). Whilst in the political domain, the national citizenry and business community have greater access to representative platforms such as the CCI, ma'an portal, Hejazi youth forums and university organisations, all of which assist the late rentier Saudi state appear to be responsive to the socio-political requirements of society (Gray 2011:23). Indeed, to date, these mechanisms have not significantly informed the content of the labour market policies such as the Kafala System and Saudisation based initiatives adopted, because fundamentally the policies and development agenda is informed by the vested interests of the political elite and those within the neo-patrimonial networks and thus, the policies are implemented in order to maintain the rentier status quo (Gray 2011:24-25). Despite the Kingdom resolutely seeking to restructure the national labour market over the oil development decades through the strict governance of the private sector, national and migrant manpower, the rentier constructed socio-economic segmented labour market also largely continues (Alsheikh 2015:3,4). Therefore, although the Kingdom is very much classified as a late rentier in terms of adopting a new development model and economic policies, a political regime that appears to be responsive to the requirements of socio-economic actors, rentierism continues to be a fundamental

dynamic of Saudi Arabia's political economy and will be the biggest hindrance to their ambitious socio-economic diversification efforts over the 21st century (Gray 2011:37)

Chapter Six

The Case of Kuwait

6.1. Introduction

The city state of Kuwait is host to the sixth largest proven oil reserves in the world, but as the socio-political and economic environment has stagnated over the decades, they are now lagging far behind their GCC counterparts and are regarded as being the sleeping giant of the Arabian Gulf (GulfBusiness, 2014). Kuwait has also been ranked last in the region for its economic competitiveness, legal framework and effective governance regime, all of which are critical components in successfully diversifying the political economy (Bandow, 2017). Indeed, the late rentier Kuwaiti state have unveiled an ambitious plan that aims to re-design the national socio-economic landscape by diversifying towards a knowledge based economy, where a strong private sector and relevantly skilled national manpower will spearhead the construction of a 'New Kuwait' (NewKuwait, 2017). Within this chapter, it seeks to explore these issues by analysing the transforming political economy of Kuwait and discuss how the governance of the labour market is situated within their late rentier formation, with particular focus on the Kafala system and Kuwaitisation policy. It will be evident that the late rentier Kuwaiti state is starting to think long term about their socio-political and economic survival, because they have a new development model and economic policies that move beyond oil rent dependency (Gray 2011:28). Indeed, it will also be argued that as Kuwait is an extreme rentier economy, whereby oil rents still significantly underpin the socio-economic activity of the country, rentierism continues to be a strong dynamic of the late rentier Kuwaiti political economy (Gray 2011:2). But with a strong development Vision in place and labour market policies that seek to contribute to diversifying the economic base, this could wake up the sleeping giant and catapult the State of Kuwait to be a socio-economically competitive trading hub across both the regional and global landscape over the 21st century (Bandow, 2017).

6.2. The Policy Process in the Late Rentier Kuwaiti State: The Evolving Polity in a Semi-Democratic Political Economy

Historically, Kuwait has been distinguished from the other classical rentier states in the GCC in terms of governance, because as they have an activist based parliament and the national citizenry enjoy a margin of freedom in the political domain, there has been some democratization of power and thus, have additional dynamics within the political and policy domain (Gray 2011:23; Hertog 2014b:17). Due to a long history of significant socio-political events, such as the Iraq invasion in the 1990s and the 2011 Arab Spring, the ruling elite have also often been in a precarious position so that they have had no option but to be responsive to the socio-political requirements of the national citizenry (Gray 2011:23). Thus, as promulgated by the late rentier model, the state of Kuwait have already broadened the policy arena and political participation apparatus in order to reduce the further threat of opposition (Gray 2011:23). Indeed, despite its status as a semi-democratic political system, it is still underpinned by rentier dynamics and therefore, Kuwait's governance structure has been criticised as being ineffective in dealing with issues such as corruption, a lack of economic transparency and oil rent mismanagement (Ghabra, 2014). It has often been declared therefore, that the rentier Kuwaiti state has

adopted the worst of democratic rule alongside the worst attributes of a dictatorship and has been further weakened by rentierism, that it is now a fragile and fractured political economy (Herb 2009:381; Rubin 2013:6).

6.2.1. The Role of the Late Rentier Kuwaiti State: A Semi-Constitutional Monarchy Underpinned By Neo-Patrimonial Networks

The modern Kuwaiti state can be traced back to the early eighteenth century, when numerous families of the Anaizah tribe migrated from Arabia and once settled in Kuwait, created a self-governing political unit (Rush 1992:48-49; Ghabra 2014:8). The leader was selected from the Al-Sabah family and this family based rule has continued over the centuries to the present day, whereby all rulers of Kuwait have been from this powerful family dynasty (Rush 1992:48-49; Ghabra 2014:8). Whilst with gaining independence from British rule in 1961, adopting a written constitution which combined features of presidential and parliamentary governance systems in 1962 and the introduction of rentierism over the proceeding decades, this added other political dynamics to Kuwait's unique participatory political system, which has been somewhat responsive to internal socio-political forces (Rubin 2013:6; Zigler & Assoc, 2017).

The main function of the ruling Al-Sabah family has traditionally been to protect and represent the socio-economic interests of Kuwait's citizenry (Crystal 1995:4). Because when they were appointed to rule the country in the eighteenth century, they were selected by their counterparts who shared the same socio-political status, whilst being economically dependent on the merchant's revenue to fund the development of the city state (Crystal 1995:4). The ruling family had to consult with other actors such as the heads of the leading merchant families on important policy matters surrounding economic strategies and on issues such as war and peace and thus, the merchants were able to exercise some constraint on the shaykhs' complete political autonomy (Crystal 1995:4). As the Al-Sabah family dominated the political domain, the merchant families controlling the economic arena and society being the employees of the merchants and recipients of the state's welfare provisions, this created a political structure that was based on an oligarchy comprised of heads of families, instead of the autocratic rule of the absolute Sheikh, which dominated many of the governance regimes in the surrounding Arabian Gulf (Slot 1998:131).

As the Al-Sabah hold authority in the political domain, they have dominated the higher echelons of government. For example, within the executive branch, there are numerous positions dominated by the family. The Emir, as ratified by the 1962 constitution, is always a descendant of Mubarak al-Sabah and the chief of state, whilst the Prime Minister and deputy Prime Minister are the head of government, of whom are also from the ruling dynasty and appointed by the Emir (Rubin 2013:7-8; Ghabra 2014:8; Zigler & Assoc, 2017). Whilst within the Cabinet, also referred to as the Council of Ministers, they comprise of elite individuals selected by the Prime Minister and authorised by the Emir (Zigler & Assoc, 2017). Within this upper stratum of the political sphere, the elite also dominate the different ministries, of which have been branded as Sheikhly empires (Crystal, 1999:65,70-73). For example, in the mid-20th century when the power of the ruling family was significantly broadening, Sheikh Fahad al-Salim, who was the Emir's half-brother, was the first Minister of the Ministry of Interior (Herb 1999:76). Whilst the Emir's influential secretary Abdullah Mulla Saleh was assigned to deal with the country's finances and economic affairs (Smith 1999:29). As a result, over the proceeding oil development decades, as major executive governing bodies were established, such as the High Executive Committee, municipality board and Ministries, they became dominated by the

Sheikhs and oversaw the development and policies adopted (Crystal, 1999:65,70-73). According to a corporate lawyer, these Sheikhly empires continue, because the ultimate authority in the policy decision making process is the state and its ministries and thus, in the case of labour market governance, is the responsibility of the Ministry of Social Affairs And Labour and Kuwait's Manpower and Government Restructuring Program and therefore;

'...There is little influence from outside of the government and the political elite...'
[Oais:19/05/14]

This is reflective of the historical state building process in Kuwait, because as different groups held a political or economic function, patronage networks fundamentally informed who was involved in the policy making process (Crystal 1995:4). Thus as promulgated by the late rentier model, despite Kuwait being a semi-democratic governance regime, the political and policy domain will continue to be significantly underpinned by rentierism because neo-patrimonial networks are still deeply embedded within the political economy (Gray 2011:23-25).

The neo-patrimonial nature of the Kuwaiti state has contributed to an unintended blurring of the socio-political categories within the city-state, because members of the ruling family have sought support from segments of society such as the *badū* (tribesmen) in order to bolster their powerbase and thus, has slowly politicized the tribes who have been a vital source of legitimacy for the rentier Kuwaiti state (Azoulay & Beaugrand 2015:3). For example, during the early oil boom era, the Al-Sabah family sought to make the merchant elite dependent on government funded contracts and brought the tribes into the political and policy domain to undermine the potential emergence of an urban middle class and delay the calls for an effective reform based agenda (Ghabra, 2014:3-4; Azoulay & Beaugrand 2015:3). Through the *badū* essentially blocking the opposition from calling for widespread socio-political and economic reforms, the Al-Sabah family returned their support via direct financial assistance and public sector employment opportunities and due to their settling into mainstream urban life, have evolved into the dominant group in society (Ghabra, 2014:3,4). Indeed, as will be discussed in section 6.2.3, they are no longer a reliable source of legitimacy for the late rentier Kuwaiti state, because they have become highly educated and undertake professional roles in prominent universities and within the medical and legal field and thus, as the majority are young employment seeking individuals, have sought for a legitimate and truly representative role within the political domain and are a source of opposition (Ghabra 2014:3-4). Therefore, as promulgated by the late rentier model, it is crucial that the state and political domain is representative and responsive to socio-economic actors (Gray 2011:23). According to two policy consultants, both notably from the Ministry of Labour, it is important that the government and political based actors;

'...serve the interest of its society and ensure that the country continually develops to meet the needs of the economy and society.... So when the government design...labour market policies, they are structured around the needs of these entities...'
[Mohammed:07/03/14]

Evidently, the political domain and wider policy formulation process is crucial, because through creating representative platforms and adopting effective and efficient strategies that reflect the rules and norms of Kuwait, it assists in maintaining;

‘...social stability and enhancing our future economic growth. So the national political regime...and Kuwaiti society are increasing their role in informing the type of labour market policies adopted and what the implementation mechanisms are...’

[Omar:10/06/14]

In the view of the late rentier model, Kuwait is a special case, because they have a history of representative platforms and political participation and has thus, forced the political elite to be representative and accountable to those that they govern (Gray 2011:23). For example, Kuwait is the region's most democratic state and that is due to its activist based parliament, formally referred to as The National Assembly (Rubin 2013:6). The representative body was established in response to socio-political threats, whereby the ruling elite had to attempt to solidify an internal support base and as there were calls for a representative political regime, The National Assembly and the written constitution was established in order to stymie the burgeoning opposition from society and merchant elite (Baz 1982:140; Crystal 1995:86). Within Kuwait's parliamentary system, which has been in place since 1963, there are 66 seats available, of which 50 seats are filled with elected individuals via popular vote, whilst 16 seats are filled with cabinet ministers who are appointed by the Prime Minister (Ghabra 2014:8). Due to it being an election based institution, the National Assembly is regarded to be a valued and fully functional platform of public representation in the late rentier Kuwaiti political economy, because it not only keeps the government in check and accountable to society during the decision-making process, but they are able to challenge the government on socio-economic and labour market policies adopted (Ghabra 2014:8; Nosova 2017:16).

For example, as they hold the authority to question government ministers over their policy proposals, if MPs feel they are inadequate and unrepresentative to the needs of society, they will declare a vote of no-confidence and thus, weaken the Sabah-controlled government and their political agenda (Brown, 2001:16-18; Ghabra, 2014:9). Indeed, despite the ruling family appointing ministers who are representative and responsive to both the government and parliament, as the Emir can veto any laws put forward by the National Assembly, this has often resulted in political deadlock (Rubin 2013:6; Ghabra, 2014:9). Whereby many largescale economic diversification reforms are held up and even side-tracked due to infighting between the government, the parliament, the public and other actors within the bureaucracy, all of whom seek to protect their own socio-political and economic interests in the rentier based political economy (Worth, 2008; Rubin 2013:6; Ghabra, 2014:9). The private sector have even criticised and blamed the National Assembly for causing many of Kuwait's economic problems, because due to the instability within and frequent dissolution of the parliament, it has often hampered the design and implementation of robust economic reforms that will assist the private sector to contribute to the diversification efforts (Rubin 2013:7; Ghabra, 2014:9,18). Evidently, the Kuwaiti parliament, although one of the most democratic institutions in the Arabian Gulf, is also suffering from the effects of rentierism. Whereby the more economically progressive and liberal voices have become increasingly marginalised and replaced with more conservative members who seek to maintain the status quo, by supporting policies that redistribute oil rents directly to the national citizenry (Gray 2011:36; Rubin 2013:7). Therefore, the parliament has limited capacity to inform policy unless it is in support of oil rentier bargains and thus, as promulgated by the late rentier model, rentierism continues to underpin the political domain and policy response even in the semi-democratic state of Kuwait (Gray 2011:36; Hertog 2013:187-188; Ghabra 2014:18).

6.2.2. The Role of the Private Sector: Business Politics and the Merchant Elite in the Late Rentier Kuwaiti State

Dating back to the middle of the 18th century, well before the oil-era, the merchant elite in Kuwait was a prominent stakeholder in the national political domain, because the ruling family had to draw upon the merchants, who controlled the pearling, agricultural and trade industry for revenues through taxes, custom duties and loans (Nosova 2017:16). The business community also assisted in building the local infrastructure and provided services to the national citizenry due to it being beyond the socio-economic capacity of the political elite at the time and as a result, the embryonic Kuwaiti state was dependent on the merchant elite (Hertog 2014b:15). This relationship with the state enabled the business community to be independent and have a strong social standing, but more critically, wield considerable bargaining power in the policy formulation process (Crystal 1995:9,21).

For example, the well-organised group were able to collectively bargain with the political elite on matters relating to economic tariffs and corporate regulations (Onley & Khalaf 2006:194). They were also a force of resistance and opposition to the rulers, whereby they were instrumental in the formation of a Legislative Assembly, *majlis*, who were elected by and consisted of individuals from the leading merchant elite families and represented the group on economic and corporate matters (Crystal 1995:8; Moore 2009:25). Whilst in the 1930s, the merchant opposition created new administrative institutions, most notably the elected bodies of the Education Council and Municipality, which was financially independent from the authorities (Crystal 1995:46). Resulting from this Majlis movement and calls for administrative reforms, this furthered the capacity of the merchant elite, who were one of the main groups that spearheaded the liberal political agenda and introduced a number of important reforms in areas such as education, jurisdiction and public welfare up until the 1960s (Moore 2004:39; Nosova 2017:14,15). Indeed, as the Assembly attempted to take control of Kuwait's oil concessions that started to flow into the country, this was fiercely opposed by the ruling elite and thus, led to its dissolution (Hertog 2014b:15; Nosova 2017:14-15).

In response to Kuwait's sudden transformation into a rentier state, the tables were turned and the merchant elite found themselves as clients of the state, where they sought oil wealth and new business opportunities (Hertog 2014b:15; Nosova 2017:16). With the economic policy agenda focusing more on rent distribution rather than regulation, the once important policy-making role of the merchant elite largely vanished and the group became depoliticised and subsequently, they were marginalized from the formal political sphere (Hertog 2014b:13). This resulted in a passive private sector who were and are still largely dependent on the state and as they contribute little in terms of taxation, they lack any influential capacity to take political action which they were once able to do (Azoulay 2012:19; Hertog 2014b:15).

In the present day, through observing the regulatory framework underpinning the governance of the labour market, it is clear that the intention of the political elite is to make the private sector once again a key driver and engine of reform in the socio-economic diversification of Kuwait (NewKuwait, 2017). Accordingly, one could assume that with such a significant and strategic role in fulfilling the state's post-oil dependent ambitions, this would also translate into the political domain, whereby the merchant elite hold leverage in the policy decision making process (Hertog 2013:2). However, with a long history, the political role of the merchant elite in Kuwait has been in a constant state of flux, because they have at certain times been a politically prominent stakeholder in economic policy making, whilst in other eras, have been marginalized from the political domain and had limited influence in the creation of business friendly legislation (Herb 2009:394-395; Hertog 2013:32). This

explains as to why numerous participants viewed the private sector holding little leverage in the policy formulation process, because according to a business owner, they are still;

‘...on the fringes... We do not have much political leverage or influence in the policy formulation process...’

[Mustafa:29/07/14]

Whilst in another supporting account from a HR manager, the private sector is not socio-politically or economically autonomous from the state and has contributed to business actors being marginalized and thus;

‘...do not inform the policy content. So basically, they say, we ‘do’...’

[Mary:24/03/14]

Due to the constant fluctuation of interplay and politico-economic dynamics between the state and merchant elite over the decades, this has contributed to blurring the lines and creating ambiguity in delineating the capacity of the private sector in the policy domain and how the patron-client nexus between these two significant actors are characterised (Azoulay & Beaugrand 2015:3). At a superficial glance, one could claim that these accounts are supportive of the late rentier argument that the policy domain is largely restricted to the centralised ruling elite and participation is determined by the individual's position within the neo-patrimonial networks (Gray 2011:25). This perspective does hold merit, because especially in Kuwait, large merchant families such as the al-Saif, al-Ghanim, al-Qatami have held a close relationship with the ruling Al-Sabah family and thus, have had access to large state contracts, business opportunities and leverage in the policy making domain (Crystal 1995:2,9,20-21; Smith 1999:54). Whilst other merchants who were not part of these big influential families and informal patrimonial networks, they became marginalised abandoned formal participation in the political and policy domain (Crystal 1995:2,9,20-21). Indeed, there are many formal and informal mechanisms that the business community have drawn upon to influence policy (Gray 2011:36; Ghabra, 2014:3,4). Of which, according to an advisor to the MoL, is of great strategic importance because they;

‘...facilitate and open up the dialogue between governmental stakeholders...and the private sector...’

[Omar:10/06/14]

Evidently, the late rentier Kuwaiti state recognise that they need to be responsive to socio-economic actors, even to the business elite, whose capacity and status in the late rentier political domain continuously fluctuates, but still require formal mechanisms of representation and a platform in economic and business focused organisations (Gray 2011:23,25).

One important platform is that of the previously discussed parliamentary political institution of The National Assembly (Gray 2011:23; Rubin 2013:6). Since its creation in 1963, numerous leading merchant families have had a continued presence within the parliament and have been able to directly engage in the economic and labour market policy formulation process (Nosova 2017:15). With the introduction of oil based politics however, the majority of merchants were side-lined in favour of assemblies that had populist and Islamic opposition groups, of whom were antagonistic to the business community (Hertog 2013:185-187). Because the merchants were regarded to be contributing to the corrupt rent seeking practices adopted by the ruling elite, whereby a disproportionate share of oil rents were being funnelled to the political elite and to the merchants through favourable state

contracts and business opportunities (Hertog 2013:185-187). As a result, over the oil development decades, the Assembly often adopted policy measures that were unfavourable to the economic interests of the business community (Hertog 2013:185-187). Indeed, through the merchants holding advisory positions within the government headquarters, *al-Diwan al-Amiri*, they have been able to directly access the major decision-making arenas and inform the economic and labour market policies adopted through creating and nurturing relations with the socio-political elite (Nosova 2017:15). Informally regarded as ‘notables’, they have remained visible in the policy domain through being well placed in administrative and intellectual circles and despite their frequent marginalisation in parliamentary politics, have been able to further their influence and status in the Kuwaiti political economy (Hertog 2014b:16). Therefore, as noted by Gray (2011:23-25), in the semi-democratic late rentier political economy of Kuwait, neo-patrimonial networks are critical for the business community, because it enables them to directly access the policy making domain, especially during times when they are being marginalised from parliamentary life.

Another formal channel of participation for the business community has been through the Kuwait Chamber of Commerce and Industry (KCCI), which has been a stronghold for the merchant elite since its establishment in 1959. This institution was originally created to tightly control business activity within Kuwait but over time, through its board members creating deep-rooted networks with influential ministers and state officials, the KCCI now has strong and direct access to the political elite who inform economic and labour market regulations (Moore 2004:55; Hertog 2014b:13). For example, in 1962 the KCCI officially created a Planning Board and in 1964, an Industrial Development Committee was established within the Government’s Ministry of Commerce and Industry (Moore 2004:55; Hertog 2014b:13). In these committees, they comprised of various influential ministers, but also had members who were directly appointed from the KCCI and provided an arena of interplay between the state and business elite (Moore 2004:55). Indeed, despite direct access to key actors in the political domain, the KCCI has been more important as a venue for lobbying and has enabled businesses to influence the economic policy making process and legislations adopted (Moore 2004:55).

For example, in the 1960s, they successfully lobbied for liberal economic laws that were conducive to the business interests of the merchant elite and in 1997, were successful in their request of creating the Public Authority for Industry (PAI), which is an autonomous organisation but still under the supervision of the Ministry of Commerce and Industry (Moore 2004:54). Currently, on the PAI’s board of directors, there are three KCCI representatives, of which one of them is the vice president (PAI, 2016). The KCCI has also proved beneficial, because in the annual economic report and *al-Qabas* newspaper they produce, the merchant elite are able to express their opinions on issues such as economic and labour market policies and thus, the state then can act accordingly (Moore 2004:56,57). The KCCI, therefore, has given the business elite a representative platform that allows them to participate in the political and policy domain and will continue to be a central apparatus as they transition further into a late rentier political economy (Moore 2004:48; Gray 2011: 23-25; Hertog 2014b:13).

According to a senior consultant to the ILO, the private sector community also have more influence in the political and policy domain;

‘...in an informal and indefinable way...’
[James:01/08/14]

An example of this informal activity is that over the last decade, the broader business community have mobilised and lobbied against the ruling elite, especially the national parliament, who have created many barriers for the passage of legislation which was business-friendly (Nosova 2017:16). For example, in 2008, the National Assembly approved the Build-Operate-Transfer (BOT) law, which sought to regulate the nexus between the public and private sector and crucially, enhance the private sectors role in the national economic diversification and development process (Nosova 2017:15). The original law was regarded to purposefully harm the interests of the merchant elite, because it would restrict their economic activity and would negatively impact on Kuwait's late rentier image as being open for business and foreign investment (Gray 2011: 25-29; Nosova 2017:15). Resulting from the political elite encroaching on business activities through such laws, the merchants politically mobilised and in the 2013 parliamentary election, they supported individuals who were business friendly (Nosova 2017:16). This activism shifted the parliament to have more merchant-aligned MPs' and as a result, this reoriented the economic and labour market policies to be more pro-business and thus, undo the anti-business economic policies adopted during 2008 and 2012 (Nosova 2017:16). Despite their position in the political and policy domain being in a constant state of flux, this represents that when the merchants actively engage, they do directly impact the policy making process and demand that their economic interests are protected (Nosova 2017:15-16). Whilst according to a senior policy consultant to the MoL, they noted that the private sector are vital stakeholders in the successful governance of the labour market, because they are ultimately the actors directly involved in ensuring;

'...the successful implementation of the Kafala and Kuwaitisation program...'
[Mohammed:07/03/14]

Indeed, despite their significant role in the implementation of the policies and lobbying efforts for business friendly strategies, they are still reliant on state largesse in the form of exceptional funding and being awarded government contracts and as a result, they are wary of direct political confrontation that may place them in a dubious socio-economic position which threatens their future corporate endeavours (Hertog 2014b:13; Kamrava et al, 2016). Since the 2011 Arab uprisings, the Kuwaiti state has also looked to the merchant elite once again to reinforce their political stability. Therefore, to protect the interests of both the ruling and merchant elite, there is a growing alliance between the ruling powers and business community and through the continued flow of oil rents to the private sector, whereby the 2015-2020 development plan seeks to invest KD 34.15 billion into the economy and enhancing public-private partnerships, the merchant class is still one of the regime's strongest supporters (Hertog 2014b:13; Kamrava et al, 2016; Nosova 2017:16). It is extremely evident therefore, that in the late rentier Kuwaiti state, although the merchant elite may have a fluctuating role in the policy domain, rentierism is still a strong dynamic and will continue to be drawn upon to protect the politico-economic interests of both the political and merchant elite (Gray 2011:36).

6.2.3. The Role of Society: A Socio-Politically Mobile Agent of Change in the Late Rentier Kuwaiti Political Economy

The state of Kuwait is a distinctive case in the Arabian Gulf in terms of its governance, because despite being a semi-constitutional monarchy, the national citizenry do hold a margin of freedom that their neighbouring counterparts do not (Ghabra, 2014). In the last decade, events such as the 2011 Arab Spring strongly affected society and started to redefine their role in the political and policy domain, because along with the rising level of education, globalization and new social media, forces

within society emerged and as a consequence, Kuwait is regarded to be going through a constitutional revolution (Gray 2011:25; Ghabra, 2014). Because in the present day, there is a greater demand from echelons of the national citizenry for political reform and participation in the policy domain and therefore, this socio-political mobilization from society, especially amongst the female and youth demographic, is informing the interaction between the ruling elite and society (Krause 2009:9-10; Alzuabi, 2016). According to the late rentier model, for the state to maintain socio-political stability, they need to be somewhat responsive to society, by pluralising the political and policy domain (Gray 2011:25). This is supported by an account from a policy advisor to the MoL, who confirmed that designing effective strategies with society as a stakeholder in the policy formulation process is critical, because they will;

‘...reflect the rules and norms of our country, which is critical in creating social stability and enhancing our future economic growth. So Kuwaiti society are increasing their role in informing the type of labour market policies adopted and what the implementation mechanisms are...’

[Omar:10/06/14]

Thus, with Kuwaiti society becoming more politically aware and engaged, the late rentier Kuwaiti state have to be responsive by broadening the platforms available for the national citizenry’s participation in the policy formulation process (Gray 2011:23-25; Ghabra, 2014). According to some, this means allowing more freedoms and developing the country’s democracy through amending and updating the constitution (Ghabra, 2014). Whilst other perspectives support the late rentier argument that the Kuwaiti state need to particularly focus on being representative to social units such as the youth and female population (Gray 2011:23-25). In regards to the female demographic, their socio-political rights have been on the national agenda since 1971, whereby a parliamentary member submitted a bill that sought to grant educated Kuwaiti women the legal right to vote (Alzuabi, 2016). However, the parliaments Islamist and tribal representatives opposed this motion and as only 12 members supported the initiative, Kuwaiti women were still prohibited from voting in the country’s political affairs (Alzuabi, 2016). It wasn’t until the 1990s when the socio-political role of women changed, because due to their participation in forming part of the resistance against the occupying forces during Iraq’s invasion, their important role was recognised and by October 1990, the Jeddah Conference unanimously voted that women have the constitutional right of socio-political equality (Fayeq, 2001; Alzuabi, 2016). As a result, they gained the legal right to participate in the policy decision-making process and have equal powers in the legislative, executive and judicial offices of government (Fayeq, 2001; Alzuabi, 2016).

Over the following decade, despite this significant step forward for the female demographic, they continued to face socio-political marginalisation and by 1999, there was widespread opposition to the fact that they were not able to take their constitutionally authorised position in the political domain (Krause 2009:9-10; Alzuabi, 2016). This led to the Council of Ministers to review and approve a draft law that enabled women to vote and run in elections for public office and in the National Assembly (Krause 2009:9-10; Alzuabi, 2016). By 2005, parliament had approved and officiated the law that gave Kuwaiti women equal political and electoral rights and on the 12th of June that year, a female was appointed as the Minister of Planning and Administrative development and this rapidly broadened because by 2008, female Kuwaitis were appointed as the Minister of Education, Minister of Health and were further appointed to the municipal council (Krause 2009:9-10). Due to their increased socio-political mobility, the UNDP declared that Kuwait has made the most progress of the Arabian Gulf states in improving the status and rights available to women (UNDP-POGAR 2006;

Krause 2009:9,10). This perspective is reinforced in an account by a policy advisor to the MoL, who noted that;

‘...women have been an integral player in the advancement of our society and will continue to expand their fundamental role in both the socio-political arena and the labour market...’

[Omar:10/06/14]

Granting Kuwaiti women the right to politically participate has been a significant stepping stone in advancing their role, because they have had a platform in the political domain to inform the development policies and programs, such as those that seek to regulate the labour market and therefore, are a dynamic and valuable social group in the late rentier Kuwaiti state (Alzuabi, 2016). Indeed, the role of women and their political participation goes beyond the description of the late rentier model, because as previously noted, the late rentier state usually adopts representative apparatus that appear to be representative, but with minimal political influence (Gray 2011:23,25). In the case of Kuwait, however, as the country has an activist based parliament and actors such as Kuwaiti females have real political power and influence in governmental Ministries, this distinguishes Kuwait from other GCC rentier states such as Saudi Arabia, who have adopted apparatus to appear responsive but have limited potential for political impact (Gray 2011:25).

Indeed, despite Kuwaiti women having greater opportunities in the political and policy domain compared to their GCC counterparts, the late rentier Kuwaiti state have still drawn upon apparatus which appear representative and further empower the role of women in the political economy. For example, in the National Assembly, there have been special committees created for women so they can discuss and propose policy ideas with female leaders on issues which effect their daily lives such as employment opportunities, accessing social welfare provisions and broadening their participation in the political domain (Alzuabi 2016; Cohn, 2016). The Federation of Kuwaiti Women’s Association has also provided a platform where women can discuss issues such as their marginalisation from the political arena and labour market and is the only female group that is permitted to represent Kuwaiti women in the international arena (Krause 2009:16). This association, however, is supported and strictly regulated by the government itself, who oversee their socio-political activity and in doing so, do not hold much leverage in the political and policy domain (Krause 2009:16; Cohn, 2016). Furthermore, despite Kuwait being the most advanced GCC state in terms of enabling women to actively engage in the political economy, they are still under-represented in parliament and across the political scene and due to the continued influence of Islamist and conservative tribal figures, women will still have a role, but will not significantly broaden in the foreseeable future (Cohn, 2016). Because the promotion of women’s socio-political rights are not a priority for the ruling elites, who are more concerned to maintain their powerful position by garnering popular support from the religious elite and the conservative members of society, which is noted by the late rentier model (Krause 2009:9,10; Gray 2011:25-28; Cohn, 2016).

According to the late rentier model, the youth are also of particular concern especially in relation to the political domain, because if they remain on the fringes without any formal mechanism of representation, then they are a dormant source of socio-political opposition (Gray 2011:23,25). Indeed, in the case of Kuwait, it can be argued that the youth have awoken and have already begun to bring about political change which exceeds the late rentier argument (Dickinson, 2012). Because as noted by a corporate lawyer, the;

‘...younger generations...demand more from the political system and call for a greater engagement within the socio-political sphere...’

[Oais:19/05/14]

Since the 2011 Arab Spring, the Kuwaiti youth, who have been branded as one of the most politically active in the region, have played a significant role in initiating and sustaining political opposition that it has created a tumultuous situation for the ruling elite, who now have no option but to be responsive (Diwan, 2014). Although no Gulf monarchy was toppled due to the Arab Spring, they witnessed the largest opposition marches in their history and in Kuwait, the youth-led opposition was more direct in challenging the authority of the ruling elite (Dickinson, 2012; Diwan, 2014). Taking up the slogan ‘we will not let you’, youth organizations, who were supported by the opposition members of parliament, sought to block the ruling elite’s unilateral attempt at changing the voting system, alongside combating corruption and crucially, removing the then prime minister Sheik Nasser al-Sabah (Diwan, 2014; Ghabra, 2014). Storming the parliament building, the youth activists were arrested and due to the group being well organised, led to other youths gathering on a daily basis at the Ministry of Justice (Ghabra, 2014). With rampant corruption, stalling development, burgeoning unemployment and society wanting genuine employment opportunities, by 2012, there was a defiant political culture and the youth, as predicted by the late rentier model, became a force who demanded for rational governance and a role in the policy decision making process (Dickinson, 2012; Diwan, 2014; Ghabra, 2014). As a result of their mobilised opposition, they successfully forced the prime minister out of his role and in 2012, due to Kuwaiti society being discontented with the political regime, 35 of the 50 seats within the National Assembly went to candidates from the opposition (Diwan, 2014; Ghabra, 2014).

Instead of the government creating weak legislatures as proposed by the late rentier model, the Kuwaiti youth directly created their own representative platform. The Civil Democratic Movement (CDM), once leaderless, has evolved over the years that it is now more organised than ever and has by-laws, internal elections and crucially, is one of the most progressive political platforms in Kuwait (Dickinson, 2012). Indeed, as the late rentier Kuwaiti state need to be responsive and not just appear to be, like other late rentier GCC states may be able to do, the political elite reorganized its cabinet and created a Ministry for Youth Affairs alongside launching their own youth initiative ‘Kuwaiti Listens’ which is comprised of young delegates from society (Diwan, 2014). This demonstrates that the political elite are being responsive to the country’s youth, but due to the well organised youth population already, the formal mechanisms adopted by the state have been regarded to have just been created to co-opt the youth and divert their proven energy away from political activism (Diwan, 2014).

Evidently, the youth are a major force in the late rentier Kuwaiti state and in the short term, their goal may simply surround making the government accountable for their actions (Ghabra, 2014). But with many of their policy proposals surrounding issues on human rights, democracy and labour market policies which create genuine employment making it to the formal platform of the opposition, the popularity of the youth movement could gradually result in a parliamentary government, with an elected prime minister and cabinet, which has been formulated based on competitive parliamentary parties with an agenda that represents society at large (Ghabra, 2014). The youth in Kuwait, therefore, are now a vital and influential part of the political and policy domain and as nearly half of the national citizenry are within this demographic age group, they will continue to be an influential force in the late rentier state of Kuwait (Dickinson, 2012). Evidently, in the case of Kuwait, it contradicts the late rentier argument that the state only need to acknowledge or appear to be responsive to social units

such as the youth, because clearly in this case, the youth have politically mobilised and will force the state to be responsive to their socio-political and economic demands and will do so through formal platforms such as the CDM and informal means such as street protests (Diwan, 2014)

6.3. The Governance of the Late Rentier Kuwaiti Labour Market: The Regulatory Framework

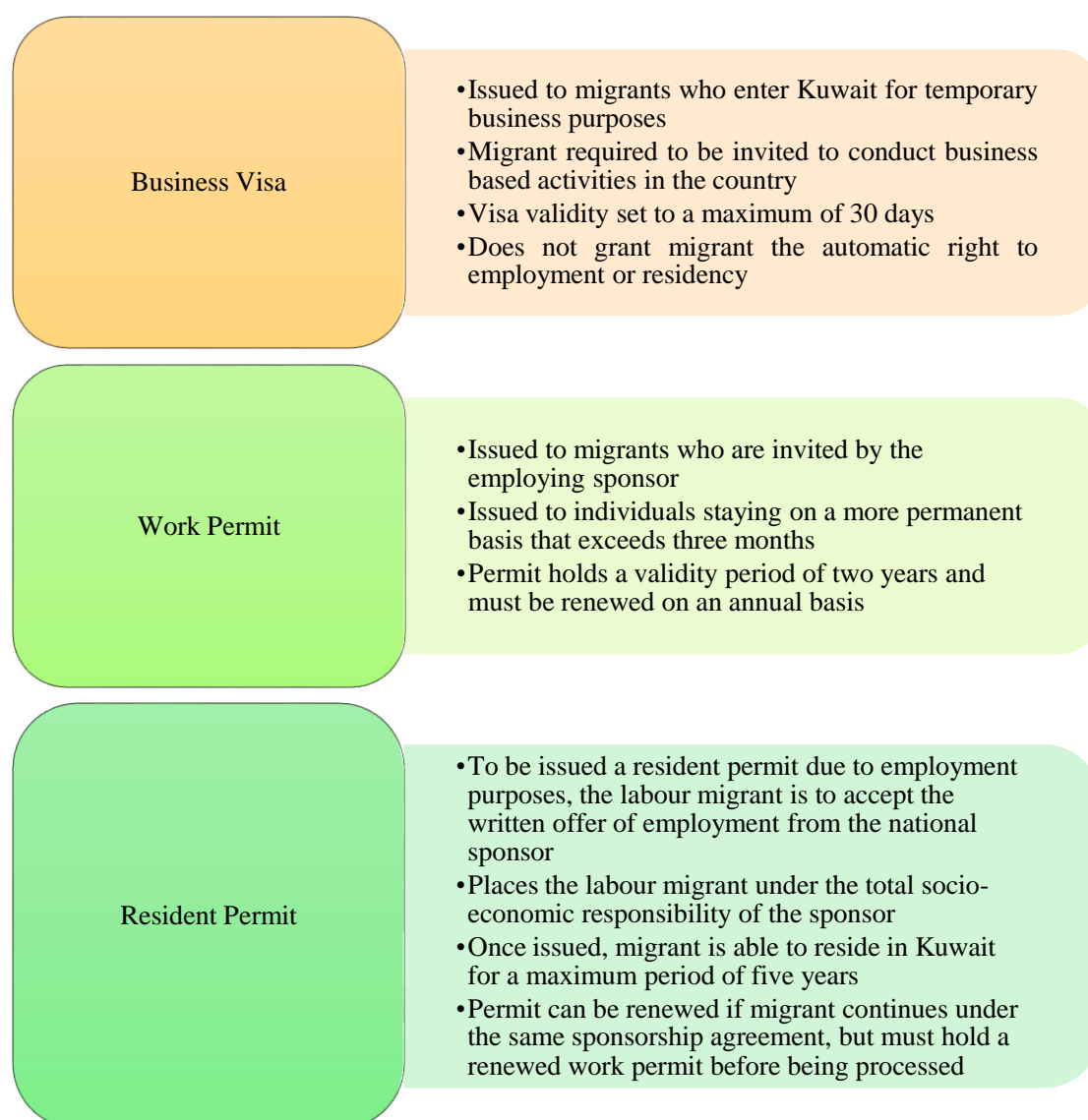
The Kuwaiti state have sought to regulate both the migrant and national population and alter their capacity within the development of the country over the oil development decades through adopting the Kafala System and Kuwaitisation policy. Whilst with the adoption of Vision 2035, the governance of the labour market has been given greater impetus, because it is through restructuring the role of the private sector and national workforce which will enable Kuwait to fulfil their ambitious socio-economic diversification plans over the 21st century (NewKuwait, 2017). Accordingly, this section seeks to explore how Kuwait's labour market has been regulated over the oil decades by discussing the Kuwaitisation strategy and Kafala system. Through mapping the policies, it will be evident that although the late rentier Kuwaiti state has one of the least comprehensive nationalisation strategies and Kafala system which has less restrictive stipulations in comparison to their GCC counterparts, they do have a set socio-economic agenda which seeks to restructure the rentier constructed labour market, as promulgated by the late rentier model (Gray 2011:8).

6.3.1. The Kafala System: The Regulation of the Migrant Workforce in the Late Rentier Kuwaiti Labour Market

The migrant labour force have been continuously drawn upon since the beginning of Kuwait's oil induced development and through being the primary stakeholder in building the national infrastructure and wider national economy, they have outnumbered the national population since the 1960s (De Bel-Air 2013:3-5). Consequently, the Kuwaiti government adopted the Kafala system because it offered a centralized governance mechanism that effectively monitored the socio-economic and political activity of the migrant population (Khan & Harroff-Tavel 2011:293-299). A central objective of the system has been to ensure that migrants are transient and contract based workers and thus, are restricted from being granted naturalisation opportunities, but more so, are unable to acquire socio-political rights that are reserved for the Kuwaiti rentier citizen (De Bel-Air 2013:3-5). In the particular case of Kuwait, with historically significant domestic political tensions such as the Iraq invasion, this further contributed to the government continuing to reform the migration based policies and stipulations which inform the nature of their migratory trend, but also the demographic profile of the migrants themselves (De Bel-Air 2013:3-5).

The legislation that regulates the entry, residency, socio-economic activity and exit of the labour migrant population is through The Aliens Residence Law of 1959 and The Law of Labour in The Private Sector No.6 of 2010. Within these laws, it promulgates that the Kafala system is the central governance mechanism that regulates the migrant workforce and therefore, to enter Kuwait for employment purposes, the labour migrant is required to obtain the sponsorship of a local employer, who are referred to formally as a 'recruiter', but within implementation regulations, are referred to as 'sponsor' (Zahra 2015:3-5). For a labour migrant to enter Kuwait for employment purposes, they are legally required to obtain either a business visa or work permit and resident visa as shown in Fig.11.

Once the relevant employment based visa and resident permit has been authorised, the Kuwaiti Ministerial Decree No.166 of 2007 legally stipulates that the sponsoring employer is to return the migrants passport and travel documentation (Zahra 2015:4-5).



(Fig.11 Kuwait's Labour Migrant Visa Type and Specification) (Sources: MFA, 2012; Ministry of Interior, 2016)

In the Kuwaiti Kafala system, it also addresses the transfer of sponsorship. Under Article 13 of Kuwaiti Ministerial Decree No.200 of 2011, for the migrant worker to transfer sponsorship, they are required to obtain formal permission from their original employer, of which, the conditions associated to the transfer process vary depending on the migrant workers visa. For example, in the case of migrant workers who entered Kuwait on a work permit, they are required to have completed one whole year of residency in the country before they are able to transfer sponsorship, whilst for migrant workers who are contracted and sponsored by the government, they are to have resided in Kuwait for a minimum and continued time period of three years (Zahra 2015:5-8). There are exemptions to this stipulation, for example, if the migrant worker has a university degree then they are able to transfer sponsorship without meeting these conditions (Article 14 of Kuwaiti Ministerial Decree No.200 of

2011). Conversely, if the migrant worker has resided and been continuously employed in Kuwait for more than three consecutive years, they are permitted to transfer sponsorship without obtaining prior approval of their original employer (Article 15 of Kuwaiti Ministerial Decree No.200 of 2011). In contrast to Qatar and Saudi Arabia, Kuwait does not have any legal stipulation that migrant workers are to obtain an exit permit and are allowed to exit and re-enter the country for a maximum period of six months without having an effect on their residency permit (Zahra 2015:5-8). However, migrant workers who are employed in the public sector services such as ministries are to obtain an exit permit when they leave the country (Zahra 2015:5-8).

Indeed, despite their relatively free socio-economic mobility whilst in the country, they are restricted in their return to Kuwait. For example, as promulgated in Article 55 of Law No 38 of 1964, if the migrant has violated their contractual terms and conditions or their contract has been terminated based on disciplinary grounds, they are prohibited from the right to work within the country for a minimum of two years (Zahra 2015:8-10). Whilst once they have entered the country under the sponsorship of an authorised kafeel, they are prohibited from working for any other employer and thus, the national employer is prohibited from temporarily employing migrant workers who are sponsored by another employer (Zahra 2015:15-16). Even if the migrant worker holds a valid work permit and has been given authorisation from their original employing sponsor, the law continues to prohibit the practice of seconding migrant workers and if they undertake such practices, the migrant's permit will be revoked and be repatriated to their home country at the economic expense of their original employer (Article 7 of Kuwaiti Ministerial Order No.77 of 1984).

Whilst if the migrant worker has prematurely discontinued their employment to work for another employer and providing there has been no violation of any law, then the costs and responsibility associated to repatriation is that of their new kafeel (Article 10 Kuwaiti Ministerial Decree No. 200 of 2011). However, the employer is exempt from bearing the economic costs associated to repatriation in instances such as when the migrant worker has been dismissed, the migrant has ended their contract and violated its contractual agreements and that the migrant worker has absconded (Article 19 Kuwaiti Ministerial Decree No. 200 of 2011). In these instances, if the employer reports the abrupt end of their contractual agreement to the Ministry of Labour, the new employer firstly takes on all economic responsibility for repatriation, whilst the migrant worker may have their work permit revoked for a two-year period (Article 19. Kuwaiti Ministerial Decree No. 200 of 2011; Zahra 2015:16-17).

6.3.2. The Kuwaitisation Policy: The Regulation of the National Workforce and the Private Sector in the Late Rentier Kuwaiti Labour Market

The Kuwaitisation policy can be traced back to the late 1970s, when the demographic profile of the country had a burgeoning youth population, whereby half of the national citizenry were under the age of 15 and thus, led to Kuwait's economic productivity being the lowest throughout the Arabian Gulf (Hertog 2014a:18-20; Gulseven 2015:14). In response to these dynamics, the Kuwaitisation policy was adopted to regulate the labour market and its workforce composition, by restricting the presence of migrant manpower and replacing them with workers from the national labour pool (Shah 2008:9-10). Kuwait's nationalisation policy is similar to other manpower replacement schemes in the GCC, whereby it has the central aim of increasing the participation rate of the national labour force in the economy through the enforcement of strict quotas, but due to it being less comprehensive, is often applied on an ad hoc basis or by decree (Hertog 2014a:18-20). Indeed, despite its minimal regulatory

framework, the policy is deemed to be an effective governance mechanism that will reduce the role of the public sector in the domestic economy and being the main employer of the national citizenry and therefore, will contribute to Kuwait's socio-economic diversification ambitions towards being an oil-driven knowledge based economy (Al-Harami, 2017; Vought, 2017).

Within the original Kuwaitisation policy, it commenced with the implementation of extremely rigid directives which focused on restricting the entrance of the migrant population into the country, by only permitting single-status labour migrants to participate in the Kuwaiti economy (Shah 2008:9-10; Gulseven 2015:14). This was considered to achieve the objective of creating a demographic balance between the national and migrant population because it was advocated that migrant workers would gradually be replaced by the national labour force whenever possible (Shah 2008:9-10; Gulseven 2015:14). However, over the decades, as the labour market requirements evolved and the demographic profile of both society and the labour market became more segmented, the Kuwaitisation policy had matured in order to reflect these changes within the national political economy and therefore, sector based quotas were being implemented. During the late 1990s, the Manpower and Government Restructuring Program (MGRP) was created to effectively address and oversee the implementation of the Kuwaitisation policy and reinvigorated the national objective of redistributing and balancing the national workforce across both the public and private sector (Hertog 2014a:18-20; Gulseven 2015:14).

The main area of implementation was that in 16 occupations, which were across the secretarial and IT sector, employment opportunities were to be restricted and reserved for the national workforce (Dito 2008:13-15). This continually evolved and over time, by 2008, banks were required to nationalise 60 per cent of their work force, the manufacturing industry had to nationalise 2 per cent, whilst within the real estate sector, they had to nationalise 15 per cent of its workforce (Shah 2008:8-12; Hertog 2014a:18-20). Whilst across the whole private sector, companies who were not set a sector specific quota, they were required to nationalise a minimum of 25 per cent of their workforce (Shah 2008:8-12; Hertog 2014a:18-20). In applying these quotas, it was considered an effective governance mechanism in rebalancing the labour market, because as highlighted in Fig.12, there are numerous implementation mechanisms that have been adopted to ensure that private sector companies are meeting their set quota.



(Fig.12. Kuwaitisation Implementation Mechanisms) (Information Source: Shah 2008:8-12; Hertog 2014a:18-20; Gulseven 2015:14-19).

Evidently, the Kuwaitisation implementation strategies and mechanisms adopted are similar to those applied to the Saudi Arabian labour market. For example, if the private sector fails to adhere to their Kuwaitisation target, they face punitive measures such as sanctions from the state, whereby they are unable to compete for government contracts and face economic penalties, such as higher taxation thorough increased visa based expenses when recruiting and employing migrant workers (Gulseven 2015:14-19). The main purpose of these economic penalties is to restrict the company's economic mobility and productivity and therefore, if they fail to effectively participate in the Kuwaitisation strategy, will find it difficult to conduct economically prosperous business in Kuwait (Al-Saqabi, 2011). Whilst economic incentives have also been applied especially to companies who are going beyond their set quota. For example, in companies who have more than 40 percent of its workforce comprising of Kuwaitis, of whom also receive a minimum of 40 per cent of the total wage bill, the company are able to apply for government contracts and economic funding to assist in their corporate expansion (Al-Saqabi, 2011).

Indeed, Kuwait differs from the rest of the GCC, because they have addressed the issue of private sector wages as being an obstacle to the participation of the national workforce and thus, have implemented an extensive wage subsidy policy as their central Kuwaitisation mechanism (Gulseven 2015:14). The welfare initiative of *da'm al-'amala*, which is promulgated by Law 19 of 2000, is a strategy which seeks to close the wage gap between the public and private sector through government based subsidies and financial incentives with the main aim being to equalise the wages for similar job roles in both the public and private sector (Gulseven 2015:14). Therefore, this strategy seeks to entice the national labour force to similar roles in the private sector by receiving a similar pay, whilst the financial burden on the private sector companies is reduced, because the government pay half the national worker's salary for a minimum of three years (Allam, 2013).

To develop the national human capital who are better qualified and meet the requirements of the private sector, the government also offer skill development programs, vocational work experience and industrial placements to young Kuwaitis. The companies in the private sector are also required to facilitate this process, by investing and assisting in the education and training opportunities available to their national workforce and in return, receive economic benefits through government subsidies (Allam, 2013). To further incentivise the youth to undertake skill development programs which lead on to them becoming entrepreneurs and establishing a small or medium sized enterprise, they are offered government money to assist in their start-up venture alongside a guarantee that if the business failed, they are able to apply for a public sector role (Allam, 2013). Indeed, as Kuwait is a high rent country like Qatar, their labour dynamics differ from other GCC states, such as Saudi Arabia and therefore, influences the nature of their nationalisation efforts (Hertog 2014a:18-20). Because as the national demographic group is small enough to be readily absorbed by the private sector, this has influenced the mechanisms, quotas and urgency associated to its implementation and therefore, as discussed, the nationalisation strategy is less comprehensive compared to the GCC counterparts such as Saudi Arabia (Hertog 2014a:18-20).

6.4. The Policies in Practice: Transforming the Labour Market towards the Late Rentier

To guarantee Kuwait's sustainable development and socio-economic prosperity over the 21st century, the state needs to end the country's extreme dependence on the hydrocarbon sector and diversify towards other productive industries, alongside restructuring the labour market, whereby the role of the public sector is downsized whilst the efficiency and capacity of the private sector is increased (Hertog 2014a:24-25; Izzak, 2017). According to both the late rentier model and Vision 2035, through the state implementing long term economic and labour market strategies, the private sector and national labour force will emerge as a dominant actor in the national political economy (Gray 2011:34; NewKuwait, 2017). With the governance of the labour market being central to the national diversification efforts, this brings into question, have the Kuwaitisation policy and Kafala system to date successfully contributed to restructuring the labour market away from its socio-economically segmented rentier formation? If not, what has impeded their successful implementation? Within this section, it seeks to explore this issue and argue in support of the late rentier argument that although there has been some modest success in terms of increasing the capacity of the female demographic in the labour market, rentierism continues to underpin the activity of socio-economic and political actors and thus, will be the biggest barrier to reforming the Kuwaiti political economy by 2030 (Gray 2011:36).

6.4.1. Towards a Restructured Late Rentier Labour Market

Through the concurrent application of the Kafala system, which strictly regulates the socio-economic mobility of the transient migrant workforce, alongside the Kuwaitisation strategy which has applied a blanket quota of nationalising 25 per cent of a private sector company's workforce, this should assist the state in meeting their overriding objective of ridding the labour market of its segmented rentier formation (Brinkely et al 2012:28). Because by transferring Kuwaiti manpower into private sector employment, this should end the public sector being the primary employer of the national citizenry (Brinkely et al 2012:28). Through restructuring the labour market, this should also contribute to another longstanding goal of reducing the presence of the migrant labour force, especially in the private sector (Brinkely et al 2012:28). According to numerous accounts, both notably from policy consultants to the Ministry of Labour, these policies have been a relative success, especially in regards to increasing the presence of the national workforce in the private sector. For example, through the policies evolving and adapting to suit the conditions of the labour market and wider diversification efforts, the strategies have overtime become;

'...more efficient in their impact. These policies have been adopted and a central labour market governance tool over a long period and so, have been a key driver behind restructuring the labour market...'

[Omar:10/06/14]

Therefore, through the longstanding adoption of these policies, they are regarded to;

'...have been successful, despite criticisms, and will be central in our post oil-development agenda''

[Mohammed:07/03/14]

At a superficial glance, these claims hold some merit, because it has been estimated that in the present day, there are five times more Kuwaiti nationals in the private sector compared to 2001 (Callen at al 2014:6-11; GLMM 2017a). Indeed, in section 6.4.2 it will explore how the private sector have adopted phantom employment strategies to evade the stipulations, particularly their Kuwaitisation quota and therefore, it is important to treat this estimate with caution. Especially as all the other participants noted that the policies have had limited success in restructuring the labour market away from its rentier formation, because according to a corporate lawyer, Kuwait's labour market continues to be segmented, whereby

'...the nationals continue to depend on public sector employment, whilst the migrants continue to work in the private sector...'

[Oais:19/05/14]

This widespread perspective holds merit, because alarmingly for the Kuwaiti government, the percentage of national citizens working in the public sector increased from 78 percent in 2012 to 84.1 per cent in 2014 to 87 per cent in 2015 and has thus, resulted in only approximately 90,000 Kuwaiti nationals working in the private sector (IMF 2014:11; Gulseven 2015:14; The Economist, 2016). Whilst in regards to the migrant workforce, they have increased their presence in the private sector, because in 2013 they comprised 93.4 per cent of the workforce and by 2015, had increased to 96 per cent (De Bel-Air 2013:5; IMF 2014:11; Al-Hayat, 2015). It is statistically evident therefore, that the labour market policies have failed in achieving their main objective of increasing the employment of the national citizenry in the private sector and thus, have failed in reducing the socio-economic

presence of the migrant workforce in the Kuwaiti economy (IMF 2014:11-14; Gulseven 2015:14; The Economist, 2016). This will significantly inhibit their national diversification efforts, because in an account from another corporate lawyer, they noted that the policies have been just as divisive as the rentier development model (Gulseven 2015: 14). Because, structurally they have

‘...contributed to the separation and division that exists in society, the labour market and the economy...’

[Abid:11/02/14]

As promulgated by the late rentier model, rentier dynamics will continue to dominate the political economy of Kuwait and in this case, means the continued rentier distorted labour market (Gray 2011:36). This argument that rentierism continues to underpin the dynamics between state and society is further supported by the fact that despite the policies attempting to alter the role of the national workforce in the labour market, their activity and participation will continue to reflect that of a rentier citizen (Gray 2011:36). For example, in the oil boom era of 2008, the public sector increased wages and welfare provisions to their workforce due to the oil induced windfall and in response, national workers in the private sector left their roles to undertake a government job and thus, sought to reap the socio-economic rewards available to them due to being a Kuwaiti national (Gulseven 2015:14-17; The Economist, 2016). Therefore, the labour market policies can have a set agenda and implement quotas, but unless the structural flaws which underpin the rentier system are addressed, then the late rentier Kuwaiti state will continue to have a distorted labour market and social structure (Gulseven 2015:14-17; The Economist, 2016). According to a consultant to the ILO, the policies have further entrenched this socio-economic division and have maintained the rentier mentality, because;

‘...certain occupations through the adoption of the Kuwaitisation policy are reserved for the national workforce and the migrant labour population fill in the positions which are deemed socially undesirable and this creates a layered social structure between the two population groups...’

[James:01/08/14]

As a result, the Kuwaiti workforce is still concentrated in the public sector whilst migrant manpower dominates the private sector and have thus, become the dominant demographic group in society. For example, in 2012, migrants accounted for 68.3 per cent of Kuwait’s resident population and comprised 83 per cent of the total population (De Bel-Air 2013:3-7; World Bank 2017a). This has been facilitated by the government themselves, because within the last decade, migrants who have been granted residency permits doubled from 624,192 in 2001, to more than 1,306,634 in the last couple of years (De Bel-Air 2013-7; World Bank 2017a). Due to their increased presence in society, The Ministry of Social Affairs and Labour promulgated that starting from 2013, migrants are to have a reduced presence in the overall population by 100,000 a year over the next decade and therefore, contribute to the government’s objective of reforming and re-organising the labour market whilst correcting the severe demographic imbalance (Allam, 2013; De Bel-Air 2013:4-7). It is evident therefore, that the late rentier Kuwaiti state acknowledge that for their long term socio-economic prosperity, they need to address the labour market distortions and wider demographic imbalance which is a socio-political threat (Gray 2011:29;34). It has been publically criticised however, that although such strategies create an image amongst society that the government are addressing unemployment issues and dealing with the socio-political risk associated to a large migrant population, these plans are never implemented properly and policies are never delivered, because the political elite are more concerned with maintaining their control over society and its oil wealth (Gray,

2011:36; Allam, 2013). Thus, they continue to adopt rentier bargains as their apparatus of legitimacy (Gray, 2011:36; Allam, 2013). Therefore, the distorted labour market and significant presence of the migrant workforce will continue and in doing so, making the labour market policies effectively redundant.

Despite ongoing debates surrounding the effectiveness of the labour market policies in restructuring the Kuwaiti labour market, alongside their implementation, the female demographic have emerged to be a critical actor in the country's socio-political and economic development and diversification efforts (Alzuabi, 2016). As noted in the case of Saudi Arabia (section 5.4.1), it discussed how in the late rentier political economy, the state needs to be responsive to society so they can fulfil their own individual ambitions and although the model is focused on their political participation, it needs to be broadened to include economic involvement and applied to other social groups such as the female population (Gray 2011:25). This late rentier perspective is relevant to this case too, because Kuwaiti females are a key driver in the modernisation process and through their extensive role in the labour market and business community, are leading the way for the socio-political and economic participation of women throughout the Arabian Gulf (Krause 2009:1,14; Alzuabi, 2016). A comprehensive development vision and relevant policies therefore, are essential to further their status in the late rentier Kuwaiti political economy (Moghadam, 2002; Alzuabi, 2016). According to a senior policy consultant to the MoL, Kuwaiti females are;

‘...active participants...in our development efforts towards modernization and our global presence...’

[Mohammed:07/03/14]

Whilst in the view of a business owner, the increased capacity of the female demographic can be attributed to the fact that they have;

‘...greater access to more employment opportunities in the labour market and so, have a stronger standing within the national social arena...’

[Mustafa:29/07/14]

Since the discovery of oil, Kuwait's economy has drastically changed and created socio-economic opportunities for the national citizenry and this included the female demographic, whereby they had employment opportunities in a wide variety of sectors such as education and administration but critically, in leadership positions such as national ambassadors, newspaper editors and undersecretaries to the presidents of Kuwait's leading universities (Krause 2009:1,14; Alzuabi, 2016). Through undertaking such roles, this not only put them side by side with Kuwaiti men in the workforce, but it helped females establish their influence at all levels in the economy and labour market (Krause 2009:1,14; Alzuabi, 2016). Resulting from their early socio-economic mobility, females in Kuwait have held one of the highest labour market participation rates in the Arabian Gulf, of which, has been facilitated by the labour market policies, because the state have vigorously advocated that through their participation in the formal economy, will help restructure the labour market (Krause 2009:8,9; Alzuabi, 2016). Due to their constant socio-economic mobility, in 1990, Kuwaiti females comprised 34.82 per cent of the national labour force and by 2000, had increased to 43.7 per cent (World Bank, 2017b). By 2016, females constituted 48.7 per cent of the national workforce and occupied 10.3 per cent of leadership positions, especially within the public sector, whereby they currently constitute 54.24 per cent of the sectors workforce (Alzuabi, 2016; World Bank 2017b). This regionally high participation rate of Kuwaiti females, according to a HR

manager, is attributed to their human capital advancement, whereby their;

‘...enrolment in higher education outnumbers that of the male student body, so their participation and influence will continue into the future...’

[Mary:24/03/14]

Through accessing education, this has significantly influenced the socio-economic mobility of the female demographic, because since 1965 when Kuwait University was established, this enabled women and all Kuwaiti nationals to obtain a higher education which was once not available to them, unless they went abroad (Alzuabi, 2016). This accelerated the socio-economic advancement of Kuwaiti women, because they were able to obtain an education and thus, were able to be active participants in the economy (Krause 2009:8). Over time, females have also come to outnumber males in the education system and more Kuwaiti women are now educated to a higher level compared to their male counterparts. In 2000, 30.1 per cent of the female population were in tertiary education, whilst in comparison, only 16.2 per cent of Kuwaiti males pursued a tertiary education (World Bank 2017c). In 2017, this disparity continues, because 33.1 per cent of females and 20.4 per cent of males are in tertiary education (World Bank 2017c). Additionally, 67 per cent of Kuwait University’s student body are women, whilst 33 per cent of students are male (Krause 2009:8; Alzuabi, 2016).

Indeed, despite their relatively high participation rate in the labour market and education system, Kuwaiti women are still legally rendered dependent on male family members and therefore, do not share the same rights as their Kuwaiti male counterparts (Krause 2009:8; Alzuabi, 2016). Within the labour market, this gender marginalisation materialises as socio-economic barriers, whereby they have been prohibited from certain occupations, such as in the legal sector and Ministry of Justice (HRW, 2012; Alzuabi, 2016). According to two participants who are both corporate lawyers, they noted that despite Kuwait offering greater socio-political and economic opportunities to Kuwaiti women, there is still significant progress to be made because;

‘...they still face gender based discrimination in the labour market and wider Kuwaiti society...’

[Oais:19/05/14]

As a result, Kuwaiti women in the labour force continue to seek opportunities in clerical and education based roles, such as teaching, because as they still;

‘...face discrimination...they are marginalized to sectors which are deemed more socio-culturally appropriate to their gender...’

[Abid:11/02/14]

Equally, in recent years, the female population have started to overcome and oppose their gender based access barriers within the labour market. For example, in 2012, when applications opened for jobs at the Justice Ministry, female law graduates attempted to apply for posts such as an entry level legal researcher which would enable them to become a prosecutor, but their applications were refused (HRW, 2012). In response, the female applicants alongside other women who had previously sought employment at the Ministry, filed lawsuits declaring that only allowing male applicants was unconstitutional and violated international treaties ratified by the Kuwaiti state (HRW, 2012). Resulting from this legal action, the political elite in the Ministry responded by abolishing the decree that candidates must be male and females are not able to apply for any entry-level opportunities that arise (HRW, 2012). Another result of this legal action was that in all public sector roles, women gained the right to apply to any employment opportunity that arose and are treated equally to men in

the application process (HRW, 2012). Accordingly, a senior advisor to the MoL noted that this action has assisted more women to access the labour market and are now;

‘...in some form of employment which range from being judges, ministers, police officers to office workers...’

[Mohammed:07/03/14]

Evidently, Kuwaiti women are demanding for their socio-political and economic freedom and will seek legal assistance to ensure that they are able to access employment positions in the public sector and wider labour market (Krause 2009:1,14; HRW, 2012; Alzuabi, 2016). This also exemplifies and supports the late rentier argument that the Kuwaiti state have no choice but to be responsive to the demands of social groups such as the female demographic, because as they have proven to take legal measures to ensure that their rights are protected, they are clearly a source of potential political opposition (Krause 2009:1,14; Gray 2011:25; Alzuabi, 2016). Therefore, as the late rentier Kuwaiti state seek to diversify the political economy, Kuwaiti women will become more of an influential force in restructuring the labour market away from its rentier formation (Krause 2009:1,14; Gray 2011:25; Alzuabi, 2016).

6.4.2. Barriers to Reform: The Continuation of Rentierism in the Late Rentier Kuwaiti Political Economy

Despite Kuwait adopting a new development model that is no longer dependent on the oil economy and implementing policies that seek to restructure the role and activities of socio-economic actors in the national labour market, there continues to be a myriad of deep structural barriers in place which are impeding the reformulation of the rentier constructed political economy (Jabr, 2016). Because although the Kuwaiti government have become stricter in their application of the labour market policies, it has had an adverse impact on the behaviour of private sector actors and the labour force, where abuse, corruption and dubious employment practices have been adopted in order to circumvent the regulations imposed (Gulseven 2015:15). Therefore, as will be evident in this section, despite the late rentier Kuwaiti state seeking to open up to globalization and diversify their politico-economic structure, rentierism will continue to pervade the socio-economic behaviour of actors in the labour market (Hvidt, 2011:85,102; Gray 2011:27).

One of the most prominent obstacles to restructuring the labour market has been and continues to be the rentier constructed culture of oil and critically, the education mismatch (El-Katari et al 2011:19; Gulseven 2015:14). According to various accounts from the legal sector and government, there continues to be a deep sense of entitlement amongst the national citizenry, who continue to seek comfortable public sector employment, where higher salaries, reduced working hours, permanent job security and longer holidays are part of the package and all of which, are important factors which maintain the national citizenry's desire for jobs in the public sector (Gulseven 2015:14). This is supported by the fact that approximately 58 per cent of the current unemployed national citizenry refuse to seek employment in the private sector and will continue to be unemployed until a public sector role becomes available (Jabr, 2016). Due to the exceptional benefits applied to public sector employment, this also in effect disincentives the national citizenry to seek employment in the private sector, which is regarded to be inadequate, beneath their social standing as a rentier citizen and more so, reserved for the migrant population (El-Katari et al 2011:19; Gulseven 2015:14). This issue,

according to a corporate lawyer, is due to the rentier nature of the development model, which has deeply entrenched social expectations and attitudes towards certain employment and thus, the;

‘...government can say they will ensure that certain jobs are reserved for nationals, but if there is no willingness from the national population to undertake all type of jobs, then no labour market reform policy will alter the deeply entrenched social expectation that they are to be economically looked after and provided for by the state...’

[Oais:19/05/14]

This entitlement of the rentier citizen has also reinforced the negative perceptions and reluctance of private sector companies to actively employ from the national labour pool and thus, they continue to employ more migrant workers due to their productivity and critically, their disposability (Gulseven 2015:14). In doing so, there is opposition between the private sector and national labour force, because essentially, they do not want to work together due to the diverging socio-economic expectations (Gulseven 2015:14). A policy advisor to the MoL highlighted this issue as a major obstacle to restructuring the Kuwaiti labour market and effective implementation of the labour policies, because;

‘...We have a private sector that do not want the national workforce, but you also have a national workforce who do not want the private sector employment opportunities, so they are actively working against each other...’

[Omar:10/06/14]

Due to this opposition effect, this has resulted in the minimal contribution of the private sector in the employment of the national workforce and in turn, has caused for the national citizenry to not support the role of the private sector in the economy (Hertog 2013:175,187-188; Gulseven 2015:14). Further reinforcing this issue of the private sector not favouring the employment of the national workforce is due to the education mismatch and severe dearth of relevant skills available (Shediac & Samman 2010:7). Resulting from the longstanding rentier based social contract, it has significantly impeded the formation and advancement of the national human capital, so much so that in the present day, the private sector consider the national citizenry unproductive and more critically, unemployable (Gulseven 2015:15). This is because across the private sector, they require vocationally skilled labour and individuals educated in technical fields such as engineering and science (Shediac & Samman 2010:7,15). However, the majority of Kuwaitis have undertaken studies in less technical fields such as social science, humanities and Islamic studies, which are not required by the private sector and more so, is not conducive in creating a competitive and diversified labour market and economy (Shediac & Samman 2010:7,15). For example, over 80 per cent of the Kuwaiti students undertake soft science and religious based studies and although the state invests approximately 5 per cent of GDP into the national education system, the quality of education and the attainment level of relevant degrees continues to remain low and critically, exposes the grave skill mismatch the national citizenry have and how they do not meet the demands of the private sector (El-Katiri et al 2011:8; Shediac & Samman 2010:7). Indeed, a policy advisor to the MoL suggested that this education mismatch was purposeful, whereby the;

“...national population undertake an irrelevant education making them unemployable and so, have to go into the already overstaffed public sector....This furthers the cause of private sector companies to employ migrant labour and not help contribute in training our national workforce”

[Omar:10/06/14]

Through this often purposeful education mismatch, which has been constructed and maintained by the rentier development model, this acts as a disincentive for private sector companies to employ national workers and critically, fail to contribute to the human capital advancement and skill development of the national citizenry and thus, underpins as to why dubious employment practices are adopted (Gulseven 2015:15). For private sector companies to circumvent around the stipulations of the labour policies, especially the quota system, there are a variety of mechanisms adopted in order for the policy conditions to be met, whilst not threatening the competitiveness and productivity of the private sector company.

For example, companies often meander around their quotas set under the Kuwaitisation policy, by employing ghost workers and adopting the method of phantom employment. This entails the company to hire Kuwaiti nationals and place them on the payroll, but they are not economically active or productively contributing to the company's activities (Hertog 2014a:6). To effectively adopt this dubious practice, companies use fake salary payrolls to show the government if requested and keep desk space available in the office, in the case of random inspections. The sole aim of this widespread practice is to meet the companies set quota and collect the wage subsidy from the government, whilst not impacting on the productivity of the company (Hertog 2014a:6). Phantom employment was identified to be a response to the continued culture of oil and education mismatch of the national citizenry as previously discussed, because according to business owner, private sector companies cannot;

'...maintain economic competitiveness, if we have to over rely on the unskilled national workforce... who demand exceptional salaries. ...I would much rather employ nationals to stay away then have them here...ghost workers so to speak are the way to go for the moment...'

[Mustafa:29/07/14]

As phantom employment is a dominant practice adopted by the majority of private sector companies, regardless of size, it has been estimated that there are currently tens of thousands of ghost workers in Kuwait and as this trend is set to continue, will undermine any real progress towards the genuine employment of nationals in the private sector (Shediac & Samman 2010:7,15; Gulseven 2015:15). Another mechanism adopted is the extremely profitable practice of forming fictitious companies and visa trading. This combined practice is two-fold and consists of national private sector actors creating fake companies, so they can continue their large-scale recruitment of migrant labour, without compromising their required quota ratio in their officially recognised corporation and thus, reduce the likelihood of receiving hefty penalties (Izzak, 2017). This practice also acts as a means of rapid income for private sector actors, who recruit migrant labour and sponsor them into Kuwait, but once the migrant worker arrives, are not employed by their sponsoring employer and thus, their visa is traded with other companies seeking unofficial migrant labour, who then become part of the informal labour market (Izzak, 2017). As a result, it has been estimated that in 2016 alone, thousands of migrant workers have been part of the visa trading process and employed in more than 270 fictitious companies, of which are deemed a threat to the Kuwaiti political economy and national diversification efforts (Izzak, 2017). This issue was particularly emphasised by a policy consultant to the MoL, who stated that as a result of these dubious employment practices, Kuwait now has a;

'...a burgeoning illegal population all because the private sector do not want to adhere to their quota. The problem is rife in Kuwait...and will continue to be a major problem, until the private sector

recognise that there are required to assist in the labour market reforms and diversification efforts...'
[Mohammed:07/03/14]

Indeed, this perspective given by the policy consultant fails to address that these activities have been and continue to be facilitated by the government's continued adoption of the Kafala system, which is widely considered to be the lynchpin which impedes any effective governance of the labour market but more so, enables for labour based abuse to occur (MFA, 2012). For example, alongside visa trading, the sponsorship system is internationally recognised to situate the migrant workforce in precarious socio-economic positions, because as previously identified, the kafeel holds all socio-economic responsibility for the migrant worker, whilst they work and reside in Kuwait and therefore, rendered dependent on the national sponsor and their goodwill (MFA, 2012). According to a corporate lawyer, the application of the sponsorship system in its entirety as a labour market governance strategy has persistently;

'...placed migrant workers in restrictive and structurally precarious positions. The whole system revolves around power imbalance...it's a modern day slavery system and due to the restrictive stipulations, often enforces the migrant worker into the informal economy...'
[Oais:19/05/14]

The abuse experienced by the migrant worker has also been attributed to the fact that the Kuwaiti government has delegated most of the power to the national sponsor, who are not held to account for the structural abuse that occurs and are more concerned with meeting their quota with limited implications on their economic productivity (Izzak, 2017). As a result, according to a human rights lawyer, this has facilitated the migrant workforce to experience;

'...unfavourable working conditions such as long working hours, unpaid salaries, physical abuse and more than anything, become individuals with not rights or agency within a country who do not recognise their human rights...'
[Abid:11/02/14]

These issues of phantom employment, visa trading, the creation of fictitious companies and abuse of the migrant workforce can be attributed to the lack of monitoring from the government but more so, their failure to prosecute those who adopt such dubious practices. For example, although the Ministry of Labour and Social Affairs and MGRP are responsible for the overall governance and implementation of the labour market reforms, they both fail to monitor and ensure that the regulations are being adhered to, but more critically, prevent the misconduct of companies exploiting the wage subsidy program by ensuring that they are verifying the employment data which the private sector businesses are required to disclose (Shediac & Samman 2010:7,15: Gulseven 2015:15). Further exacerbating this issue is that despite the threat of penalties, such as fines between KD 2,000 and KD 10,000, and prison terms sentence of up to three years, they continue to be ineffective in curtailing these practices because the offender's details are often not made public and thus, have limited ramifications on their reputations (Izzak, 2017). As rightfully claimed by Baldwin-Edwards (2011), Kuwait's salary subsidies and quotas have in fact been quick-fix solutions to the rentier formulated labour market that have created equally as many problems as they seek to solve.

Through exploring the barriers to reform, it is evident that private sector actors and the labour force continue to navigate around the regulatory framework in order to maintain their participation and

position in the rentier constructed labour market and political economy (Gulseven 2015:15). These activities also explain as to why the labour market policies have had limited success in renegotiating the rentier behaviour of the national citizenry and private sector, because there continues to be a lack of socio-economic support between the two groups, who are instead actively opposing each other in order to compete for the governments resources and oil rent (Hertog 2013:175; Gulseven 2015:15). Therefore, as noted by the late rentier model, although Kuwait will take on new politico-economic dynamics, rentierism will continue to underpin the socio-economic activity of actors within the labour market and will be the biggest barrier to reforming the Kuwaiti political economy (Hvidt, 2011:85,102; Gray 2011:27).

6.5 Transitioning Towards the Late Rentier Political Economy: The Adoption of an Active Development Model and Economic Policy

As Kuwait has been mired in a constant era of extreme oil price volatility, like their regional counterparts, the government have had to accept the unavoidable truth that they can no longer depend on oil rents to be their predominant source of revenue (Vought, 2017). In response, the late rentier Kuwaiti state has recently unveiled an ambitious plan to transform Kuwait into an economic hub where new employment opportunities are created, knowledge is transferred amongst technological and scientific industries and critically, a strong private sector is built and will lead the economic diversification efforts over the 21st century (Al-Harami, 2017; Vought, 2017). Through adopting Vision 2035, the government have declared that they have re-designed the political economy and are building a ‘new Kuwait’ (NewKuwait, 2017). Through this ambitious shift in their national development agenda, this clearly indicates that the late rentier Kuwaiti state is starting to think long term about their future survival, because they have an economic policy and development model beyond oil (Gray 2011:28). This brings into question, therefore, how is the governance of the labour market situated within Vision 2035 and thus, what is the proposed future of the Kafala system and Kuwaitisation program?

6.5.1. The Kuwaiti Late Rentier Development Agenda: Vision 2035 and the Seven Pillars of Transformation

Vision 2035 is claimed to be the golden ticket, because it will unify socio-political and economic actors by directing them towards building a sustainable and prosperous future for Kuwait (NewKuwait, 2017). To activate their new development ambitions, as shown in Fig. 13, seven pillars have been proposed and seek to transform Kuwait over the next 18 years (NewKuwait, 2017). It shares the similar broad ambitions of the preceding Vision 2035, whereby it promotes that to reduce their extreme reliance on oil rents and transform their national political economy, they need to increase citizen participation, adopt effective governance strategies, create a prosperous economy, become a globally relevant player and have a supportive and nurturing society (NewKuwait, 2017).



(Fig:13: The Seven Features Of The New Kuwait) (Information Source: NewKuwait, 2017)

Affirmed to transform the country into an internationally renowned and lucrative business hub, the development agenda and its seven pillars articulates the ruling political elite's ambitions to mobilize development efforts towards economic diversification, boosting productivity of the workforce, fostering competitiveness and reforming the current oil-based political economy, through viable public institutions, the implementation of mega projects and the private sector being the leading actor in the new diversified economy (Izzak, 2017; NewKuwait, 2017). Initial observations made therefore, suggest that the late rentier state of Kuwait is clearly actively pursuing a more comprehensive national development agenda and implementation of robust economic policies (Gray, 2011:28). Accordingly, to understand the transforming role of the labour market and its socio-economic actors, this brings into question, how are they situated within this new development framework? In the following section, there will be particular emphasis on three features of Vision 2035, comprising of the economy, public administration and human capital, all of which were the key themes in regard to the governance of the labour market as highlighted by the interview participants.

6.5.1.1. Public Administration: A Responsive But Continued Semi-Democratic Late Rentier Kuwaiti State

Under the first pillar of Vision 2035, it briefly addresses the governance of Kuwait, by setting a broad objective of reforming the bureaucratic practices of the public administration, where it particularly focuses on making the state more transparent, efficient and accountable to the national citizenry (NewKuwait, 2017). According to the late rentier model, with burgeoning unemployment pressures and regional socio-political instability, the Kuwaiti state can avoid pursuing a full democratic governance model, but it is critical for their long-term survival that they are socio-politically and economically responsive, especially to society (Gray 2011:23). Amongst the participants, this claim was corroborated, because there was a shared consensus that a central component to any development policy and economic diversification agenda is how the political elite responds to calls from society regarding political reform. A transparent and accountable government was deemed fundamental in successfully transforming the political economy, because according to a senior consultant to the ILO, the late rentier Kuwaiti state must address the public administration and participation of society in the political and policy-making domain, because;

‘...the reality of their new diversification based development vision coming into fruition is all dependent on how they confront the demand for political reform...’

[James:01/08/14]

In another supporting account from a corporate lawyer, they noted that because the state are seeking to alter the socio-economic role of the national citizenry, for the regime’s stability, they need to reflect upon the new dynamics between state and society, because as the new development model in effect is re-writing the social contract;

‘...Something has to give and it will be the current socio-political structure, because nationals will seek for a more representative and accountable governmental regime...’

[Abid:11/02/14]

Accordingly, under this pillar of Vision 2035, it advocates that over the next 18 years, the public administration will undergo reforms to ensure that they are representative and responsive to the national citizenry. Interestingly, it only suggests that the Ministry of Social Affairs will undergo these reforms and thus, a wider political transformation towards a representative and democratic regime is absent from the agenda (Vought, 2017; NewKuwait, 2017). Through declaring sweeping political reforms, of which in practice are only minimal amendments to certain areas of the political domain, this according to a private sector manager represents that the state make such;

‘...rhetorical declarations which serve the purpose to reduce the likelihood of opposition from society, who are becoming discontented with how the country is run...’

[Mary:24/03/14]

However, the late rentier Kuwaiti state can maintain their political legitimacy and structure, if they appear to be responsive to socio-economic actors and this is exactly what they have done in the new development model (Gray 2011:25). Because a primary goal under this pillar is to open dialogue networks with society and the private sector through virtual mechanisms, such as expanding e-government platforms (Vought, 2017; NewKuwait, 2017). Although no plans have been publically advocated, it has been proposed that in regards to the governance of the labour market, there will be

electronic platforms created so businesses and the workforce can put forward opinions on the policies adopted and will be of a similar framework as Saudi Arabia's ma'an platform (Vought, 2017; NewKuwait, 2017). Therefore, in Kuwait and as promulgated by the late rentier model, there will be no substantial transition towards a democratic regime in the immediate future, but socio-economic actors will be able to be involved in important policy matters such as labour market governance and employment issues, through the broadening of e-governance apparatus (Gray 2011:25; Vought, 2017; NewKuwait, 2017).

6.5.1.2. The Late Rentier Kuwaiti Economy: An Oil-Driven Knowledge Based Economy

Over the 21st century, it is crucial that Kuwait move beyond their extreme rentier economy (Gray 2011:30,31; Sophia, 2017). Because as noted by the government themselves, cutting frivolous public spending, fixing the state budget imbalance and cease wasting their natural resource revenues will be critical for the country's long-term socio-economic survival (Sophia, 2017). In response, the political elite recently announced that they are seeking to transform Kuwait into a prosperous and diversified economy that is no longer dependent on oil rents and in doing so, an oil-driven knowledge based economy has been advocated to be an alternative strategy that would successfully replace their longstanding hydrocarbon economic model (Gray 2011:30,31; NewKuwait, 2017; Sophia, 2017). Through pursuing this oil-driven agenda, it will also create genuine employment, attract FDI and being knowledge-based, will assist in the knowledge transfer in fields such as renewable energy, service sector and information technology (Holmey, 2017). All of which have been noted as features of the late rentier development model and will empower Kuwait to become a global political economy for generations to come (Gray 2011:28-31; Holmey, 2017). In accounts from a corporate lawyer and UN advisor, they also noted that with global oil price volatility, this is forcing Kuwait to rethink their economic development agenda, because oil is;

"...no longer a sustainable source of revenue. So, the government are having to diversify their economic base, as they can no longer afford it..."

[Abid:11/02/14]

Consequently, the Kuwaiti economy will continue to be restructured in order to;

"...become economically diversified and be more prominent in the globalised politico-economic arena. So...will adopt relevant policies which further advance their modernization process..."

[Zahra:12/07/14]

According to the late rentier model, being part of the globalised economy is important for Kuwait as they seek to diversify their economic base, because it will assist in their efforts to become a regional and international hub of commerce and attract foreign investment which is conducive to diversifying the economy away from being oil dependent (Gray 2011:26-27). This is supported by Vision 2035, because Kuwait are attempting to be more embedded in the global economy, by attracting 300 per cent more FDI and critically, raise more than KD400 million from international corporations to assist in expanding their research outputs and technological advancement in IT services and renewable energy (NewKuwait, 2017). Therefore, Kuwait is seeking to become a global energy-driven knowledge-based economy, because as highlighted by a senior policy advisor to the MoL, a;

‘...knowledge based economy is where the private sector thrives and enables us to become competitive on the international arena...’

[Mohammed:07/03/14]

In the view of the late rentier model, the adoption of a knowledge-based economy is a classic approach to being oil-driven, whereby investments are made into advancing the education and skill set of the national citizenry, alongside the establishment of research institutions that are part of the global knowledge transfer networks (Gray 2011:23,30,34). In exploring how Kuwait seek to apply this oil-driven knowledge-based model to its politico-economic context, Vision 2035 follows the proposals put forward by the late rentier model, because they are advancing the national human capital through education and skill development programs in order to prepare the national citizenry to become productive members of the Kuwaiti political economy (Gray 2011:23,30,34; NewKuwait, 2017). Indeed, this feature of their knowledge-based economy is addressed as a separate pillar and will be discussed in section 6.5.1.3.

Whilst another feature of the late rentier knowledge based economy is through international research output and knowledge transfer (Gray 2011:23,30,34). This is corroborated by Vision 2035, because Kuwait’s universities and their research output have been declared as being a central component that will assist in the development and diversification of the national economy (NewKuwait, 2017). For example, by 2035, Kuwait aspire to be world leading in scientific and technological research, by distributing three internationally respected research projects on an annual basis, whilst hosting workshops on innovative technological patents (NewKuwait, 2017). To achieve this goal, a Research Park will also be built at Kuwait University, which will market Kuwait as being a world leading knowledge economy and subsequently, facilitate the knowledge transfer process with regional and international actors (NewKuwait, 2017). Furthermore, through linking innovative research and technological advancement with the private sector, this should enhance entrepreneurialism amongst the citizenry, because they will be able to obtain an education in these scientific and technical fields and once they have completed their studies, are encouraged to set-up a private sector business (NewKuwait, 2017). As a result, this will assist in restructuring the labour market because it will create greater employment opportunities outside of the public sector, but also facilitate the wider economic diversification efforts whereby the national citizenry will become a dominant stakeholder in building the ‘New Kuwait’ (Gray 2011:22; NewKuwait, 2017)

6.5.1.3. Advancing Human Capital: Restructuring the Rentier Labour Market and Role of the Rentier Citizen

A relevantly skilled and educated labour force is a fundamental requirement for any functioning economy across the globe and as the late rentier Kuwaiti state seek to transform into an oil-driven knowledge-based economy, the Vision must address the development of Kuwait’s human capital. According to an advisor to the MoL, they noted that alongside implementing policies that restructure the role of the private sector in the economy, there needs to be greater focus and investment in;

‘...developing our national human capital and implementing reforms which greatly expand their role in the private sector...this new development vision will enable Kuwait to have a stronger presence globally and be more economically competitive...’

[Omar:10/06/14]

Vision 2035 and the late rentier model support this perspective, because through advancing Kuwait's human capital by relevantly educating and better preparing the younger generation, they will become productive members of society and critically, be a dominant stakeholder in the political economy (Gray 2011:23,30,34; NewKuwait, 2017). To advance the Kuwaiti human capital, numerous strategies have been adopted, with one of the most prominent being overhauling the national education system by 2020 (NewKuwait, 2017). It particularly focuses on rewriting the curriculum so that it is internationally respected and modern but more crucially, relevant and in line with the requirements of the private sector labour market (NewKuwait, 2017). Through developing the knowledge and skills of the younger generation, they will be able to fulfil their own individual ambitions, whilst assisting Kuwait diversify towards a knowledge based economy (NewKuwait, 2017). Through advancing the national human capital, this will also assist in meeting another ambition of Vision 2035, which is to create a competitive and productive national workforce, especially amongst the younger generations (NewKuwait, 2017). According to a consultant to the MoL, there needs to be greater socio-economic productivity and participation from the national citizenry in order for Kuwait to;

“...construct a stronger diversified economy and social structure. Like any transition towards a new development trajectory, it will require a lot of work and participation from many stakeholders, but it will be for the greater good...”

[Mohammed:07/03/14]

To do so, the Vision promotes that it will continue to regulate the labour market through the same policy mechanisms, but have adopted numerous other goals and strategies to assist in their successful implementation. For example, through increasing employment opportunities, the participation rate of the national workforce in the private sector should increase by 10 per cent annually (NewKuwait, 2017). The Vision also recognises that for genuine employment and participation of the national workforce in the private sector, the national citizenry need to be highly skilled and capable to work in all sectors of the economy (NewKuwait, 2017). In response to this issue, a National Manpower Development center will be created and by 2023, will have offered modern training and skill development programs to more than 30,000 Kuwaiti nationals and have prepared 66 per cent of the national citizenry to be suitable for employment in the private sector (NewKuwait, 2017). An underlying objective of this strategy is to end the rentier constructed labour market segmentation, because as the labour pool will be filled with highly skilled nationals, they will be able to supply the manpower requirements and skills needed by the private sector (NewKuwait, 2017). Evidently, the political elite recognize that the effective governance of the Kuwaiti labour market is critical, because through reforming the socio-economic role of the private sector and national citizenry, especially the youth, this will enable the late rentier Kuwait state to build a strong diversified political economy (Gray 2011:28).

To further facilitate the increased participation of the national workforce in the private sector, Vision 2035 strives to decrease Kuwait's dependency on migrant manpower, by reducing their presence to 60 per cent of the total socio-economic active population by 2030 (NewKuwait, 2017; Al Rifai, 2017). Indeed, a consultant to the ILO noted that migrants are;

‘...a vital source of labour to fuel the national development and diversification efforts...towards the emerging knowledge based economy...’

[James:01/08/14]

A business owner also noted that the migrant population are indispensable in the socio-economic arena of Kuwait and therefore, the longstanding objective of reducing their presence is not;

'...practical for the demands...of the economy. For Kuwait to be a competitive...global economy, the state have to address altering the role of the national society instead of disposing of the migrant population, who have actually done more economically for the country than their national counterparts...'

[Mustafa:29/07/14]

Global analysts have even supported these accounts, because it was highlighted that for Kuwait to carry out their planned projects advocated in Vision 2035, it will require a large skilled labour force which cannot currently be met by Kuwaiti manpower (Al Rifai, 2017). Therefore, reducing the role of migrant workers who have the relevant skills, such as language teachers, engineers and doctors, this will negatively impact fulfilling the development plan and as this objective is not achievable, the Vision has been rendered unrealistic to the current context of the Kuwaiti political economy (Al Rifai, 2017). Although it has been evident throughout this section that the late rentier Kuwaiti state has an active development strategy by setting predetermined goals which seek to transform the socio-economic structure over the 21st century, due to this unrealistic goal of reducing migrant manpower, this does bring into question if the Kuwaiti state is a competent economic planner as promulgated by the late rentier model (Gray 2011:28-29). Because as noted by the interview participants, reducing migrant manpower to such an extent when their skills and manpower is critically needed to successfully diversify the economy contradicts what competent policy planning entails (The Economist, 2016; Al Rifai, 2017). Therefore, in this instance, it cannot corroborate the claim that the late rentier Kuwaiti state is a competent regulator of their socio-economic affairs (Gray 2011:28). It does however support the underlying late rentier argument that politics underlie the policy agenda adopted, because as migrants are deemed a threat to the socio-political order between the state and national citizenry, the state have to appear to be doing something to reduce this threat (Gray 2011:28).

6.5.2. The Governance of the Late Rentier Kuwaiti Labour Market: What Is Next For the Labour Market Policies?

With the continuous onslaught of budget constraints due to global oil price volatility and the growing labour market imbalances between both the public and private sector and the migrant and national workforce, the rentier based development model is no longer viable. Therefore, for the long-term survival and prosperity of Kuwait, the state needs to adopt a new development Vision, as previously discussed, but also implement policies that are actively progressive in the regulation of the country's socio-economic affairs and contribute to successfully ridding the labour market and its actors of their rentier behaviour and activities (Gray 2011:28; Brinkley et al 2012:28; Hertog 2014a:18). More crucially, the policies adopted needs to rebalance the role of the private sector and the national workforce in the diversification efforts (Gray 2011:28; Brinkley et al 2012:28; Hertog 2014a:18). This brings into question therefore, what is next for the Kuwaitisation policy and Kafala System? Within this final section, it will explore the proposed next steps of the policies and argue in support of the late rentier argument that the Kuwaiti state is starting to think long term about their future prosperity by developing the labour market policies, but they will not undergo such significant reforms or even abolishment, because it will undermine the political stability of the elite (Gray 2011:28,36).

Over the 21st century, the late rentier Kuwaiti state will have to become more strategic and long term in their thinking, because to reduce the risk of socio-political opposition from the national citizenry, especially the youth, the state will have to be responsive by diversifying the economy and creating greater employment opportunities outside of the public sector (Gray 2011:34). The strategy underpinning the Kuwaitisation policy, therefore, will be critical because as discussed, it seeks to alter the role of the national and migrant workforce and importantly, the capacity of the private sector in the country's diversification efforts. In an account from a senior consultant to the ILO, they noted that although the Kuwaitisation strategy is one of the least comprehensive in the region and implemented on an ad hoc basis, it is more flexible and less restrictive and therefore, enables other socio-economic actors to emerge and take on some responsibility in the diversification efforts. Thus, Kuwaitisation continues to be;

'...a good policy when you look at its objectives, so being implemented on an ad hoc basis would be beneficial and reflective of the requirements of the economy and labour market at the time, instead of being fixed to one quota ...'

[James:01/08/14]

Accordingly, the Kuwaitisation policy will continue to be adopted and will inform the labour market dynamics of the late rentier Kuwaiti state. This continuation of the policy is supported by a recent announcement made by the Secretary General of the Government and Manpower Restructuring Program, where they stated that they are working towards creating private sector jobs for the national citizenry and the Kuwaitisation policy will be central in regulating and redirecting the labour market towards a more sustainable path of development (ArabTimes, 2017a; Al-Seyassah, 2017). It was also recognised that it is impossible to nationalise all jobs and therefore, the current policy is focusing towards replacing 80,000 migrant workers with Kuwaiti nationals, especially in administrative positions (ArabTimes, 2017a; Al-Seyassah, 2017). Over the next decade, the Kuwaitisation policy will also seek to nationalise the private sector at an annual rate of ten per cent, alongside training approximately 5,000 employed nationals, 3,000 job seekers and 5,000 students (ArabTimes, 2017a; Al-Seyassah, 2017). The purpose of this renewed focus, according to the National Manpower Development Centre, is to eliminate the optional idleness of the national workforce, because through fixing the minimum wage, reducing subsidies and unifying salaries and benefits associated to the job role in both the public and private sector, this should contribute to successfully diversifying the national socio-economic landscape over the next decade (ArabTimes, 2017a; Al-Seyassah, 2017). Such measures, according to a UN advisor, are politically motivated because it represents to society that the state are appearing to be serving the interests of the national citizenry (Gray 2011:34). Because through offering them greater opportunities in the labour market, especially the private sector, this will mobilise the national citizenry within the;

'...labour market and society. Every policy has its flaw and Kuwaitisation certainly has many, but if it can be altered...then it will contribute to building a diversified knowledge based economy ...'

[Zahra:12/07/14]

Therefore, as Kuwait transforms further into a late rentier state, the Kuwaitisation policy will continue to be a central governance strategy in regulating the labour market, but will also assist the state in appearing to be responsive to society, by creating employment opportunities which are vitally needed to maintain the socio-political stability of the country (Gray 2011:34).

Whilst in regards to the sponsorship system, due to the widespread labour and human rights abuse the Kafala system has facilitated in Kuwait, its adoption has been a contentious area in socio-political debates and consequently, its role in the governance of the migrant labour force is continually being revisited. As previously discussed, the Kafala system has aided the merchant elite to adopt dubious employment practices, such as visa trading, and has also placed the migrant labour force in precarious socio-economic positions (GulfBusiness, 2017a). Accordingly, there have been proposals put forward on how to reform the current system. In an account given by a corporate lawyer, in order for Kuwait to adopt a more effective strategy in regulating both the migrant labour force and private sector actors who participate in the recruitment of non-nationals, the government should create a;

‘...type of syndicate who will take on the legal responsibility of being the sponsor of the migrant worker and so, they are then hired out to Kuwaiti companies...’

[Abid:11/02/14]

In creating this centralised organisation, which is proposed to be either a specialised private company or a government association, this would directly reform the fundamental component of the Kafala system, whereby private sector companies are no longer responsible for the recruitment and socio-economic mobility of migrant workers whilst in Kuwait (Hertog 2014a:18). Instead, the newly established manpower authority would be the sponsor of private sector labour migrants and through the implementation of official contracts, will tightly regulate the employer-employee nexus that exists between the private sector company and migrant worker (Hertog 2012: 28). As part of the contractual agreement, it is proposed that employers are prohibited from holding onto the migrant worker’s passport or transferring them to other companies without prior permission (GulfBusiness, 2017a). Critically, this initiative will also monitor the movement and socio-economic welfare of migrant workers, who will be imported based on the aggregate requirements of the Kuwaiti economy and its diversification efforts, instead of being brought in on the request of private sector companies, who are increasingly seeking to profit through rent seeking activities and visa trading (Hertog 2012:28). Moreover, through this reformed approach to the Kafala system, numerous government ministers have also suggested that through implementing nationality based quotas, this will further help regulate the presence and profile of the migrant worker demographic group (GulfBusiness, 2017a). With these suggested reforms, of which some stipulations such as withholding the migrant’s passports and transferring sponsorship are already in place in the current regulatory framework, this clearly exemplifies the late rentier argument that the political elite need to appear to be doing something about the demographic pressures and labour market distortions, even if it is the minor removal of red tape and restrictions applied to the activity of private sector actors and the migrant labour force (Gray 2011:28-29).

Conversely, despite these proposed reforms, there is heightening pressure from the international community for Kuwait to completely abolish the restrictive sponsorship system and replace it with an alternative governance strategy (Hertog 2012:28). This position opposing the sponsorship system is reflected in numerous responses given by private sector actors, whereby it is argued that the current structure is;

‘...immoral and should be abolished...’

[Mary:24/03/14]

This perspective towards the sponsorship system has garnered greater support over recent years, because as will be discussed in chapter 7, Qatar has brought greater worldwide focus on the plight of

migrant workers who reside and are employed under the restrictive system. Drawing upon the case of Qatar, another private sector account explains that whatever Qatar decide to do with their sponsorship system, either through amending its stipulations or even abolishment, this will influence Kuwait's future strategy, because if Qatar;

‘...abolishes their system, it will be a dominos effect across the region...and so, Kuwait may follow suit...’

[Mustafa:29/07/14]

In the case of Kuwait, abolishing the system has been on the agenda at numerous points in time. For example, due to human and civil rights groups historically being well organised in the country, in 2008, they responded to unrest amongst the migrant workforce who were opposing their labour based exploitation and living conditions and thus, assisted in galvanizing the debate surrounding the sponsorship system (Hertog 2012:28). The government responded by holding an emergency meeting in parliament, where they established a technical labour committee that sought to explore and discuss the future of the Kafala system and potential reforms (Hertog 2012: 28). In response, it was announced that it was to be abolished in February 2011 (MFA 2012:1-3). However, when the time came, only one restriction was reformed, which was to make it easier for labour migrants, excluding domestic workers, to change their sponsor (MFA 2012:1-3).

Whilst through raising the influence of Qatar, this supports another late rentier argument that Kuwait is seeking greater policy integration with other GCC states, whereby they align strategies that regulate the regional immigration and labour market distortions in a similar manner, but implemented to suit the national politico-economic context (Gray 2011:25-26; Baber 2013:19-20). Through greater cooperation in the policy process, this should in theory be conducive to a more robust approach to the governance of the rentier constructed labour market (Baber 2013:19-20). However, if Qatar influence Kuwait's future decisions surrounding their Kafala system, then nothing substantial will be made to the current system. Because at the end of 2016, the Qatari government announced that they had ‘abolished’ the Kafala system and replaced it with a contract-based law, which was argued to offer greater protection and flexibility for the migrant labour force (BBCNews, 2016a). However, in closer inspection and will be addressed in greater detail in chapter 7, the new law has left the fundamental components of the Kafala system intact and so, the only change has been that the word ‘sponsorship’ is no longer applied to the regulatory framework (BBCNews, 2016a). Therefore, if Kuwait follow suit, instead of adopting broader economic policies that would effectively regulate the labour market actors, the political elite will continue to adopt these strategies, but make minor adjustments just so they appear to be responsive in dealing with the national labour market and demographic pressures (Gray 2011:28-29).

Equally, this limited reform to the system also highlights how the rentier formation of the political economy continues to underpin the activity and vested interest of key socio-political actors (Gray 2011:36). For example, if the Kafala system was to be completely abolished, there would be socio-political ramifications on the nexus between the state and merchant elite. Because although there is pressure from the international community regarding the sponsorship framework and how it facilitates dubious employment practices, there is equal resistance from the Kuwaiti business community, who substantially benefit from the system through visa trading and thus, continue to lobby against any proposals of reform (MFA 2012:6-7). In numerous accounts given by private sector actors, there was a shared consensus that the Kafala system is an important rent seeking mechanism and in doing so;

‘...the private sector companies certainly do not want it to be abolished, because it is a rent distributive mechanism and makes them money, so when you think that there is no real domestic demand for change, it probably won’t alter much in the coming years..’

[Mustafa: 29/07/14]

Due to the system being a profitable rent seeking mechanism, where it has been estimated to generate more than 3 billion dollars for private sector actors and the political elite (Hertog 2012:27), this has led to;

‘... many people in the private sector... and political actors... declare that they hate the system but don’t want it to end because it lines their pockets.... it is such an important money maker for many people, you won’t see many calls for it to be abolished....’

[Mary:24/03/14]

Therefore, although there is international opposition to the system, it is politically and economically unfeasible to abolish the system if the state wants to maintain their ultimate rule. It has even been noted by the Minister of Labour that senior officials in the Ministry and wider government are underhandedly involved in visa trading and therefore, alternative stipulations will continue to be proposed to adhere to the international human and labour based rights standards, but it won’t be completely abolished (Hertog 2012:28). Evidently, the late rentier state of Kuwait will continue to be underpinned by rentier dynamics and this includes continuing old rentier bargains that assist all strata of the socio-political domain to still undertake their rent seeking activities (Gray 2011:29; Hertog 2012:28).

6.6. Conclusion

Kuwait is the most democratic rentier state of the Arabian Gulf and with the presence of parliamentary politics, has already gone beyond the late rentier explanation of a responsive state (Gray 2011:23). One could assume, therefore, that this has led to greater representation of non-state actors such as society within the political and policy domain. Indeed, through exploring the policy formulation process in the unique case of Kuwait, it is evident that despite the formal platforms of representation, the political domain is still fundamentally underpinned by rentierism, because the political and merchant elite continue to protect their socio-political position and economic interests within the late rentier political economy (Gray 2011:36). Whilst the youth demographic have already politically mobilised against the ruling elite and as predicted by the late rentier model, have situated themselves within the opposition movement and are actively establishing their own forms of representation through their self-created CDM, which is one of the most politically active and progressive platforms in Kuwait (Dickinson, 2012). However, despite Kuwait having an activist based political domain, it has still experienced the tyranny of rentierism, because the labour market restructuring efforts through the implementation of the Kafala System and Kuwaitisation strategy have been impeded by the continued culture of oil and rent seeking activities adopted by socio-economic and political actors (Gray 2011:36). Conversely, through exploring Vision 2035, it is evident that the late rentier Kuwaiti state is starting to think long term by adopting a new development agenda which is beyond oil-dependency and more focused on an energy-driven knowledge based economy, where there is greater socio-economic participation of the private sector and more crucially, participation of a relevantly skilled national manpower (Gray 2011:21-28). Indeed, although Kuwait

is now a later rentier state with new dynamics, it is also apparent that rentierism still fundamentally underpins the political economy and therefore, will significantly inform the development trajectory over the coming decades as the state seek to create a new Kuwait (Gray 2011:36; NewKuwait, 2017).

Chapter Seven

The Case of Qatar

7.1. Introduction

Although small in demographic and geographical size, the once sleepy city-state of Qatar has dramatically changed over the oil decades that its geo-political influence now permeates throughout the Arabian Peninsula and global political economy (Gray 2013:1-2). Since the mid-1990s, significant socio-economic reforms have been implemented and the late rentier state of Qatar is now firmly embedded in the globalized world system (Gray 2011:25; Gray 2013:2). Whilst with the adoption of Vision 2030, the state is seeking to further transform Qatar by re-routing towards a knowledge-based economy, where socio-political advancement and economic diversification become prominent features of their redrawn political economy (De Bel-Air 2014b:4). Therefore, reforming the rentier constructed labour market which favours the role of the private sector and national workforce will be critical in achieving Qatar's new development model (Babar 2013:3). Within this chapter, it seeks to explore the transforming Qatari political economy and by analytically discussing how the labour market has been regulated through the Kafala System and Qatarisation strategy, it will be evident that rentierism continues to be a strong dynamic that underpins the country's nexus between state, society and private sector elites. Indeed, with the implementation of Vision 2030, Qatar has more complex dynamics of interplay, such as diversifying towards an oil-driven knowledge based economy and increasing the socio-economic role of the national citizenry, all of which are transforming the country further into a late rentier state formation (Gray 2013:2).

7.2. The Policy Process in the Late Rentier Qatari State: The Evolving Polity in a Responsive but Undemocratic Political Economy

The late rentier Qatari state is appearing to be responsive to the requirements of socio-economic actors, especially in the political and policy domain, because they are modernising and broadening the base of their legitimacy through establishing semi-governmental organisations and opening up to regional co-operation, whereby there is a shared approach to labour market governance (Kamrava 2009:405-406; Gray 2011:25). Although it is no longer an autonomous process reserved for the government, there has been no substantial transition towards democratization and the agenda of the political elite continues to dominate the labour market governance strategies adopted (Gray 2011:25; Baber 2013:7-8). It will be argued therefore, that although the late rentier Qatari state has more formal and informal actors in the policy process compared to some of their GCC counterparts, these strategies are adopted to buttress the political elites, who continue to expand their rentier based patronage networks across socio-political and economic structures in order to maintain their legitimacy and ultimate power (Gray 2013:8).

7.2.1. The Role of the Late Rentier Qatari State: The Continuation of Neo-Patrimonial Networks Of Governmental Ministries and the Political Elite

Over the 20th century, the political formula that assisted the autocratic Qatari state to maintain its legitimacy and dominant role in the policy domain was rentierism, which strengthened the

authoritarian rule of the Al-Thani family (Kamrava 2009:402). Whilst in the mid-1990s, with Shaykh Hamad's rise to power, he immediately introduced wide-ranging reforms to the economy and Qatar appeared to be embarking on a new route to modernisation, because with elections starting to take place for municipal councils and for the CCI, far-reaching political reforms towards democratisation and popular representation was predicted (Kamrava 2009:402). However, there has been no significant political reconstruction towards a democratic regime, because old autocratic patterns of rule continue, whereby policy formulation is a centralised process and determined by certain individuals in the patronage networks and thus, the political system still lacks accountability and transparency (Gray 2013:2).

Indeed, late rentier states can avoid democratisation, as long as they are responsive to socio-political and economic actors and in the case of Qatar, the policy process has been used as an apparatus for the political elite to appear responsive, whilst maintaining their supremacy and safeguarding their politico-economic agenda (Gray 2011:23; Gray 2013:2). For example, as merchant families and civil society have been politically neutralised, the ruling Al Thani family have been the only real source of potential opposition to the Emir and therefore, to maintain political stability, the state has responded by proliferating governmental ministries and populated them with loyal supporters and influential members of the ruling family (Kamrava 2009:409). To maintain legitimacy therefore, the governance of the labour has broadened within the government itself and is now informed by numerous agencies and political stakeholders (Kamrava 2009:409). According to a consultant to the MoL, the governmental institutions that hold the greatest capacity in regulating the labour market and its socio-economic actors are the Ministry of Interior, the Ministry of Foreign Affairs and the Ministry of Labour and Social Affairs (Babar 2013:7,8). These ministries were referred to as being vital and of great strategic importance to the late rentier state of Qatar, because in;

'...the perspective of the Qatari government, this reinforces their legitimate position...by showing that the state is involving more politically rooted stakeholders, who are acting upon the interests of society....'

[Ali:15/07/14]

Evidently, involving numerous ministries serves the politically motivated purpose of the state appearing to be representative of society by responding to national issues such as the labour market distortions and national demographic challenges (Gray 2011:25). To further this apparent 'responsiveness', the stricter regulation of the labour market is a central component of Vision 2030 and for strategies to be effective, the Vision advocates that these ministries will enhance their policy review practices (mdps 2008:9-13). In the case of labour market governance, it was proposed that the state could be responsive to the demands of socio-economic actors and the labour market, by reviewing the progress and effectiveness of the policies and update the stipulations on an annual basis to be relevant to the national socio-economic context at the time (Babar 2013:18,19). The actors involved in this review process according to an ILO consultant, are the Ministry of Interior, the Ministry of Foreign Affairs and the Ministry of Labour and Social Affairs, of which would;

'...make up a committee, who review the Qatarisation policy...consult on recruitment practices...the training needs of the national workforce...and also review the Kafala regulations...'

[Leila:19/06/14]

Within this group, the Qatar National Human Rights Committee (NHRC) also have a consultative-based role and collaborate especially with the Ministry of Foreign Affairs and the Bureau of Human

Rights and are to advise the government on the ramifications of the labour policies, by producing annual reports that address the level of labour based violations and human rights abuse experienced by both the national and migrant workforce (Babar 2013:8,11). Consequently, as the policy formulation process has broadened within the government itself, an advisor to the QF noted that in the present day;

‘...there are definitely more actors involved in regulating the labour market now than in previous decades...the establishment and the role of the NHRC supports this and are referred to a lot by the government when looking at the labour based malpractice and human rights abuse...’

[Stephen:24/05/14]

Conversely, the role of the NHRC was a contentious issue with one private sector participant, who questioned its legitimacy in the policy formulation process. For example, the NHRC’s role was deemed politically motivated, because its primary objective in the policy domain is to support the agenda of the political elite whilst;

‘...claiming to be impartial...and to represent society and the migrant workforce...the advisors do hold some relationship with the political elite. They may not be in government, but they are certainly not detached from the state...so their legitimacy should be questioned...’

[Thomas:29/08/14]

Therefore, despite the policy formulation process broadening within the government, it continues to be underpinned by neo-patrimonial networks and this has been exemplified by the NHRC, because although they promote that they are there to offer impartial policy advice, they are used to bolster the legitimate position of the state (Kamrava 2009:409; Gray 2011: 23-25). As will be discussed in greater detail in section 7.2.2, the purpose of the NHRC, like the Qatar Foundation, is for the late rentier Qatari state to appear to society that they are creating representative organisations and in turn, reduce the risk of potential political opposition from the national citizenry (Kamrava 2009:406; Gray 2011:23).

7.2.2. Semi-Governmental Organisations: The Expansion of Patronage Based Platforms of Social Representation

An inherent feature of the rentier state is that the ruling elites’ sustained authority is reliant on an extensive system of patronage and client based networks (Kamrava 2009:405). Therefore, the centralised power of the Al Thani family has been strengthened and maintained through flooding the coffers of the state with oil rent, which is then distributed amongst the ranks of Qatar’s society. This longstanding activity has not only deepened the patronage structures that underpin the national political economy, but it has also inhibited the formation of a politically independent and autonomous Qatari civil society (Kamrava 2009:406; Babar 2013:8). In non-democratic polities, civil society based organisations emerge in the instance when the state is incapable to deliver critical social services and representation (Kamrava & Mora 1998:893,899). However, as the late rentier Qatari state has to modernise the base of their legitimacy to appear responsive to the requirements of society, the political elite have adopted initiatives that seek to maintain their ultimate rule alongside pluralising the political domain and thus, impede the establishment of any meaningful platform of social resistance, such as an active civil society (Gray 2011:23,25). The continuation of the rent based welfare system and policies such as Qatarisation are prime examples of this politically motivated

strategy, but so too is the establishment of exceptionally funded, semi-private yet semi-governmental institutions and organisations that engage in charity and outreach efforts (Kamrava 2009:407).

In Qatar, organisations have been created by the state, such as the NHRC, which have direct links with influential actors and prominent segments of Qatari society and thus, have narrowed the socio-political space between state and society (Kamrava 2009:406). The most ambitious and comprehensive government-controlled organisation is the Qatar Foundation, which was founded by the Emir in 1995 (Kamrava 2009:407). This organisation was created to act as a policy umbrella, because it is comprised of many centres that seek to inform policies on education, community, welfare and labour market reform (Babar 2013:10). In regards to the labour market, the QF has actively sought to advocate policies that seek to protect and promote the rights of migrant workers, especially in the construction sector (Babar 2013:10). For example, they created a migrant workers welfare charter and underpinning its agenda was to promote effective regulation of the migration cycle between the recruitment, residency, employment and departure of the labour migrant (Babar 2013:10). According to a senior consultant to the MoL, the role of the QF in the policy process has been to put proposals forward surrounding;

'...regulations which seek to protect the migrants labour and human based rights...the guidelines of their charters is to be adhered to by any company or organization they conduct business with. The foundation...will continue to engage in actively seeking to influence the national labour based policies adopted...'

[Ali: 15/07/14]

Since its inception, the QF has received exceptional state funding and maintains a close partnership with a myriad of governmental bodies, such as the MoL and MEC, and through their collaborative relationship with these ministries, have become a key policy stakeholder who promote the agenda of the State (Babar 2013:10). Although many claim that the QF is an NGO, its classification is deliberately vague in order to appear as a legitimate civil society organisation that is autonomous from the government. But when exploring as to why it was established, a primary factor was for the Emir to expand his institutional base and through creating different organisations, this provided a public role for his children and high ranking family members and thus, further embedded his political power (Kamrava 2009:406). In the present day, the QF is still largely government funded and heavily staffed by the ruling family members and this not only extends the rentier constructed patronage networks of Qatar's political economy, but it also undermines the establishment of politically autonomous civil society organisations, which often in authoritarian states, provide a platform for socio-political resentment and opposition (Kamrava 2009:406).

This issue is indicative of the late-rentier argument that the state can avoid democratisation, as long as it appears to be responsive to society and has some form of political pluralisation (Foley 2010:103,109; Gray 2011:23). In this case, the elite has modestly expanded by creating the QF, which does not threaten the role of the state, but rather bolsters support for both the government and their policy mandate, whilst appearing to be a consultative semi-private yet semi-governmental organisation representing an array of socio-economic and political actors (Herb 1999:259-260; Gray 2011:23). The QF also exemplifies how neo-patrimonial relations still underpin the late rentier Qatari political economy, because power continues to be held close to the leading political elite who in turn, carefully moderate the role of the foundation and its actors, many of whom are high ranking socio-political actors and part of the ruling family (Kamrava 2009:406; Gray 2011:23).

7.2.3. The Role of the Private Sector in the Late Rentier Qatari Political Economy: The Absence of a Politico-Economically Mobile Merchant Elite

Unlike their GCC counterparts such as Kuwait, the merchant elite in Qatar have not played a significant role in the political and policy domain (Gray 2013:8; Hertog 2014b:22). According to Crystal (1990:187) and Kamrava (2009:405), the weak role of the merchant elite can be dated back to when the Qatari peninsula was first inhabited in the 1760s, which was relatively late in comparison to the rest of the Arabian Gulf. With poorer harbours and limited resources available, this repressed the emergence of wealthy merchant families and due to the political institutions and economic structures not developing until the Al Thani family had become firmly embedded as the ultimate authority of the sheikdom, the political ascent of the small merchant classes failed to occur (Kamrava 2009:405; Gray 2013:8). Due to their continued weak politico-economic position over the centuries, when the oil era began and the state took on rentier dynamics, this further isolated the merchant elite, because to guarantee their economic survival they decided to renounce any formal political influence, so essentially, they traded power for wealth (Crystal 1990:187; Gray 2013:6; Hertog 2014b:16). In the present day, the private sector and businesses in Qatar still have little influence in the political and policy arena and continue to be controlled by the politico-economic agenda of the State (Hertog 2014b:21,22).

This was evident in one case, whereby a policy advisor to the MEC stated that the sole policy based role of the private sector is for companies to review their manpower needs and economic activity plans and submit this information to the relevant authorities, who monitor the Qatarisation policy and recruitment of migrant labour (Hukoomi 2016a). This was regarded to make private sector companies more aware of their responsibility in the national labour market reform efforts, whilst serving as a governance mechanism that;

‘...enables the policy makers to continually develop a comprehensive and effective approach in regulating the labour market, where the government are able to support private sector business to become key players in the national diversification...’

[Saadi:29/05/14]

This account clearly exemplifies how the private sector continues to be on the periphery of the policy formulation process, because although they contribute information on their economic activities and recruitment trends, their annual reports are only used to support the government and their economic policy agenda (Hertog 2014b:12). This issue is further exacerbated by the fact that businesses have a marginal role in municipal council elections and hold a minority position in The Qatar Chamber of Commerce and Industry (QCCI) (Hertog 2014b:21). Within the QCCI, it is dominated by government selected business representatives, of whom, are usually business actors who have strong clientelistic links with the political elite and therefore, the wider business class at large is not a dominant stakeholder in the organisation that is there to represent their interests (Hertog 2014b:13). Instead, the organisation has been criticised for being out of touch with the business class, because not only is it headed by a member of the ruling elite, but it is only interested in defending the monopolistic privileges of a select few from the merchant class and therefore, neglects its task of creating and improving the competitiveness of the private sector (Gray 2011:32; Hertog 2014b:13). This supports the late rentier argument that although the states seek to diversify their socio-economic structure, the elite relations are still based on neo-patrimonial networks, just like the rentier state of yesteryear (Gray 2011:25). Therefore, unless the private sector actor is a ‘national champion’ and a well-connected individual, in the foreseeable future, the wider merchant class will continue to hold a

marginal role in the political and policy domain and be strictly controlled in order for the regime to maintain their position as the ultimate ruler in the state capitalist political economy (Luciani 2005:144,160; Bremmer 2010:67,69; Gray 2011:25,32).

Indeed, the merchant elite hold greater capacity for collective action in comparison to other segments of society because they often lobby against the policies that restrict their socio-economic activity (Shoeb, 2014; Hertog 2014b:12). According to a private sector business owner, businesses hold some leverage in the governance of the labour market, especially in the implementation stage. Because due to the wider merchant community being isolated from the labour market policy process, this has gradually increased tension from business actors towards the political stakeholders that they now often;

‘...lobby against the often ineffective and never ending and extremely frustrating policies...’

[Thomas:29/08/14]

As reported recently in the media and expressed by an advisor to the QF, the private sector has an informal policy input, by lobbying against corporate taxes, their absent role in policy creation, the increasing Qatarisation quotas in the private sector and the proposed abolition of the Kafala system (Hertog 2014b:13; Shoeb, 2014). The basis of their defensive and piecemeal lobbying however, is often in response to the individual’s own economic interests, whereby they;

‘...resist any policies which are considered to impede their own companies productivity and competitiveness...however...despite efforts to resist and block reforms, the government always successfully pressurises the private sector to conform to the policies...’

[Stephen:24/05/14]

This perspective is further supported by Hertog (2013:34), who also noted that business politics in Qatar continues to be similar to that of the practices adopted in the 1970s, where individual businesses continue to seek greater government support and privileges such as business contracts. Therefore, although private sector businesses have often succeeded in slowing down the quota and visa reforms being implemented, their lobbying has yet to significantly alter the content of the labour market reform policies, of which, continue to be driven by the agenda of the government and well-connected individuals in the clientelistic networks (Hertog 2014b:12-13; Shoeb 2014). Once again, this affirms the late rentier argument that although the social and economic structures will diversify, the business elite will still rarely engage in sustained negotiations on the labour market policies and thus, the late rentier Qatari state will continue to be based on a state capitalist politico-economic framework and underpinned by neo-patrimonial networks (Gray 2011:25; Hertog 2014b:13).

7.2.4. The Role of Society: A Marginal Actor in the Responsive but Undemocratic Late Rentier Qatari State

Due to Qatar’s exceptional oil derived affluence and small national population, the political elite has been able to offer the national citizenry one of the most comprehensive welfare packages in the Arabian Gulf and as a result, Qatari society is regarded to be notoriously politically apathetic and not greatly involved in the policy domain (Ehteshami & Wright 2007:921; Kamrava 2009:419). This was reflected in the interview responses, because many participants considered that society at large held

no role in the policy process, but instead, were represented by governmental ministries and the political elite, who according to a consultant to the MoL;

‘act on behalf of society’

[Ali:15/07/14].

Additionally, as the country continues to be a high rent political economy, this has enabled the political elite to expand and deepen their patronage networks amongst society and therefore, Qatar is still very much dominated by rentierism, whereby society is still largely disengaged from the political and policy formulation arena (Kamrava 2009:405-406). However, over the last two decades, a middle class has emerged in Qatari society, who are highly educated and calling for the state to adopt a governance regime that is accountable and representative of a modernising society and economy (Hertog 2014b:16). As the state is also encouraging society to seek private sector employment and assist in the successful application of the Qatarisation policy, this is instigating a new socio-political ideology amongst society, because if they are required to be less economically dependent on the state for employment and welfare provisions, this in effect brings into question the authority and legitimacy of the rentier based political regime (Kamrava 2009:405-406). According to a senior consultant to the MoL, they recognise that society, especially the middle classes, are seeking greater participation in a representative political arena and are essential agents in the politico-economic transformation process (Hertog 2014b:16). They were also considered to be a;

‘...group who often evoke and instigate the onset of modernisation and socio-political transformations...with the recent Arab uprisings, the government have them on their radar and seek to keep them happy ...’

[Ali:15/07/14]

With increasing internal socio-economic pressures and society seeking to become more embedded in the national and globalised political economy, the late rentier Qatari state are portraying themselves as a progressive and modern government, by creating a space for society to have a platform to voice their opinions and engage with policy developments that impact their socio-economic activity and welfare (Kamrava 2009:419). As supported by the late rentier model, it promulgates that there will be some pluralisation in the political domain through the creation of relatively weak representative organisations and in the case of Qatar, this is through the establishment of workplace committees and trade unions (Herb 1999:259; Foley 2010: 103,106; Gray 2011:23). According to Qatar’s Labour Law, it is a legal right for Qatari workers to join a trade union and establish one representative workplace committee in companies with more than one hundred national workers (Article 116, Law No.14 of 2004). A ‘General Union of Qatari Workers’ is also legally permitted and consists of different workplace committees belonging to different industries and companies (Article 116, law No.14 of 2004). Once approved by the Ministry of Labour, the general union is further permitted to join any GCC or International Labour Based Organisation and draw upon them for support on employment issues (Article 123, Law No.14 of 2004). Resulting from the establishment of these committees, this is regarded by legal based actors to offer an interactive arena where society can;

‘... represent their opinions on labour issues...and where national employees, employers and governmental bodies ...can discuss labour-based matters...and this has led to the government to review their labour laws and policies...’

[Amir:25/07/14]

They also act as a pressure group that is vital in the policy formulation process, because they offer society a platform to;

‘...place some pressure on the government, where they can express...issues and challenges they face as a result of the labour policies...’

[Karen:07/06/14]

Therefore, although the Qatari society continues to have a minimal role in the political arena, they do have some form of representation in that they have access to a legally authorised workplace committee and unions that offer them a formal platform to express their opinions regarding labour market reform policies (Kamrava 2009:419). These accounts also support the late rentier argument that the political elite need to be responsive, or at least acknowledge that society require a political space to interact and consult with the government on policies that directly impact their socio-economic activities and welfare (Gray 2011:25). Equally, as noted by Gray (2011: 25) and Kamrava (2009:419), the late rentier state of Qatar needs to adopt such mechanisms, because with new international technologies and communications, there is greater risk of society uprising against the political elite due to their longstanding political repression and isolation. Therefore, the Qatari government have no other alternative but to offer society a platform in the political and policy domain (Gray 2011:25). It is recognised however, that such participatory mechanisms can become an arena of social opposition and therefore, need to be tightly regulated by the government to ensure that the basic outlines of the rentier system and political rule remain intact (Brumberg 2002:56,59; Kamrava 2009:419,420). According to a private sector actor, who has actively participated in these committees identified, they noted that since the Arab uprisings, they have become an arena;

‘...which harbours more discontentment amongst national social groups, who are demanding more representation in the national policies and general governance of the country...’

[Danah:10/05/14]

The political elite also recognised in the early 2000's that such political mechanisms was an arena that could potentially breed socio-political discontentment and therefore, the workplace committees were legally authorised to be a platform of representation for the Qatari workforce, but they were and continue to be prohibited from political activities that are deemed of opposition to the State (Article 119, Law No.14 of 2004). This once again supports the late rentier argument that the state will respond to society and their demand for political and policy participation, but their influence and impact on the political structure will be strictly limited and tightly controlled (Kamrava 2009:419; Gray 2011:25). Therefore, the prospect of society and these workplace committees having significant influence in the policy formulation process and on the wider political domain will continue to be limited in order for the elite to maintain their political rule (Kamrava 2009:419; Gray 2011:25).

7.2.5. GCC Member States and the International Community: Qatar Opening Up To Regional Policy Co-Operation and Globalised Pressure

In the present day, the late rentier states of the Arabian gulf are cautiously opening up to the globalisation process and this includes closer politico-economic integration with their GCC counterparts (Gray 2011:25). According to the late rentier model, this closer integration is not only based in the economic system, but also within the policy domain, whereby GCC member states are all adopting regionally advocated education and labour market reforms (Gray 2011:26). According to an advisor to the MEC, they noted that other GCC states influence the Qatari policy formulation process,

because through observing how other states, namely Saudi Arabia, regulate their labour market and wider diversification efforts, Qatar uses this as an analytical lens to see what policy strategies and implementation mechanisms have succeeded and failed across the region (Baber 2013:3,19-20). Interestingly, Saudi Arabia was identified as being the main GCC state under observation when Qatar develop their own labour market policies, because as Hertog (2014:14) even noted, the Kingdom is the region's political economy where potential labour market reforms are continually tested and developed. As expressed by an advisor to the MEC, Saudi Arabia;

'...has a significant role on the international stage and as Qatar seek to do the same, we look to what has succeeded and failed in Saudi Arabia, who are always trying different reform policies and come up with better solutions to the population and labour issues Qatar faces...'

[Saadi:29/05/14]

Therefore, through observing labour market governance strategies adopted by other Arabian Gulf states, this not only improves the policy formulation process, whereby the Qatari government can draw upon the implementation experiences of similar policies in different political economies, but it also identifies how the GCC is viewing the demographic and labour based challenges as a regional issue (Baber 2013:19,20). More so, this is also indicative of the late rentier argument that there is greater integration in the policy reform process between the states of the GCC states, because although the labour market policies differ to suit the individual country's political economy, the region is attempting to establish a policy agenda that addresses the immigration and labour market governance as a regional bloc (Gray 2011: 25,26; Baber 2013:19,20).

Alongside opening up regional policy co-operation, Qatar is also seeking to integrate further into the globalised world order, of which, has implications on the policy formulation process (Henry & Springborg 2001:178,180,193; Gray 2011:19-20). In the late rentier state, globalisation extends to policy strategies adopted, because the political elite need to respond to national employment pressure and labour market distortions in a manner which is concomitant with becoming a more globalised political economy (Gray 2011:20). Thus, an implication of becoming a globalised state is pressure from the international community for political reform and policies to be revised and in line with international conventions (Foley 2010:103,115; Gray 2011:19). According to a private sector actor, it was noted that the international community, especially Human Rights groups such as Amnesty International, have become an informal stakeholder and can be branded as a pressure group. Due to Qatar hosting the 2022 FIFA World Cup, this has brought labour conditions and employment practices to the forefront of international human and employment rights debates and thus, there is increasing pressure from the international community for the state to reform and even abolish the restrictive sponsorship system (BBCNews, 2016a). As a result,

'...International groups have certainly pressurised the Qatari government to reform their labour policies ... this pressure has forced in a way the government to actually take action...'

[Danah:10/05/14]

The international community therefore, is emerging at a stakeholder in the policy process and undertake the particular role of challenging the Qatari government to re-evaluate and reform their policies, as assigned by the late rentier model (Henry & Springborg 2001:178,180,193; Gray 2011:19). Equally, the capacity of the international community and pressure groups such as Amnesty International should be treated with caution, especially in regards to informing the labour market policies adopted and their reforms. Because as will be discussed in section 7.5.2, the Qatari

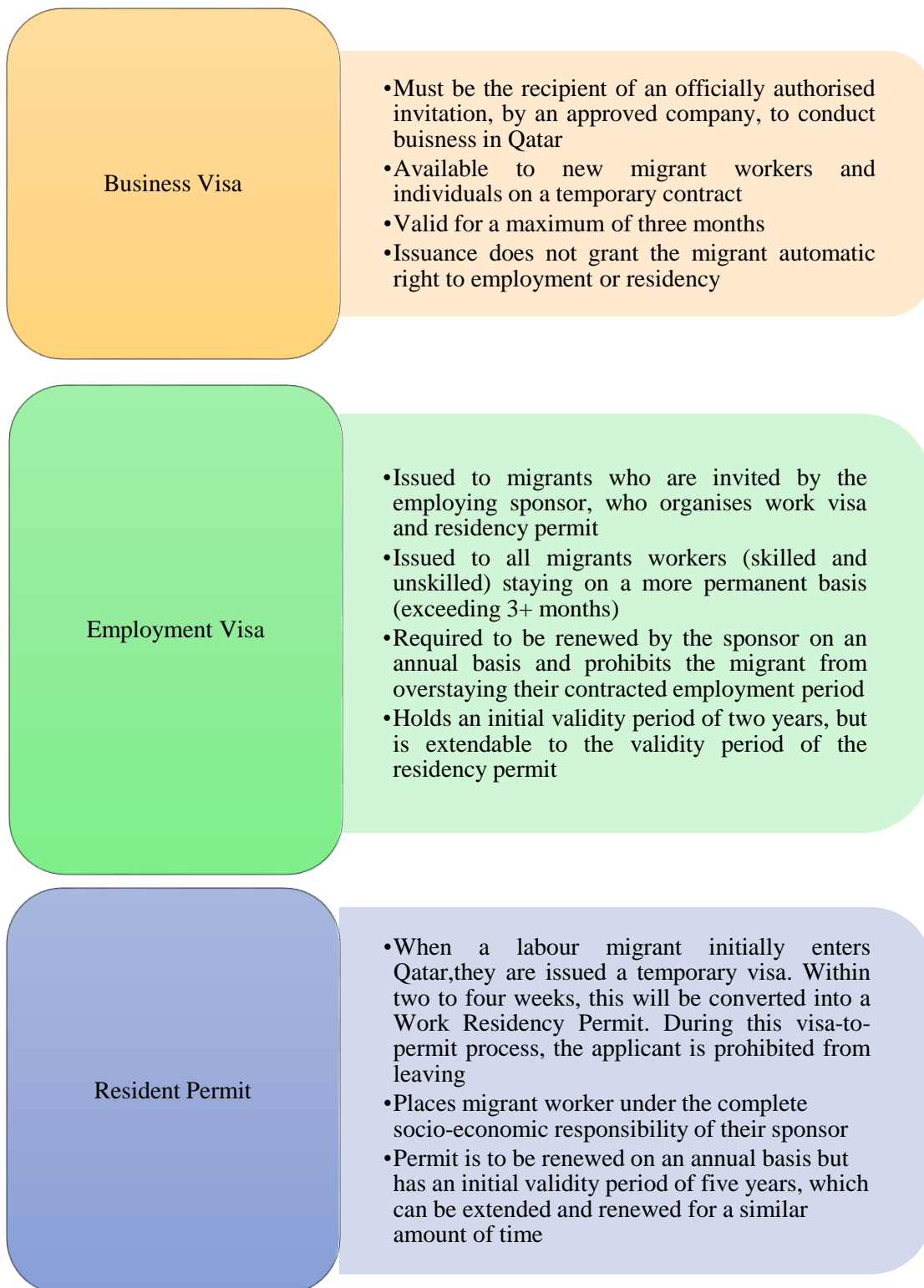
government have recently responded to international pressure to abolish the Kafala and have replaced it with a new contract based system, of which is structurally the same as the previous sponsorship system (BBCNews, 2016a). Therefore, the late rentier Qatari state will appear to be responsive to society and the international community by making minimal reforms to the policies, but as they seek to maintain their powerful position, won't give society a political platform or implement policy measures that will prove a threat to the old rentier rule (Gray 2011:25).

7.3. The Governance of the Late Rentier Qatari Labour Market: The Regulatory Framework

To successfully create a diversified and knowledge-based economy as promulgated by Vision 2030, policymakers critically need to devise strategies that help advance the skill base of the national labour force and develop their ambitions to participate in competitive positions, especially in economically important roles in the private sector (mdps 2008:2-9; Berrebi et al 2009:421). Accordingly, in Vision 2030, it declares that to achieve Qatar's goal of building a sophisticated knowledge-based economy, the labour force will need to be regulated in a manner which assists the diversification efforts (mdps 2008:2-9). In reflecting upon the unique demographic profile of Qatar, it is crucial therefore, that the labour market is augmented in favour of increasing the role of the Qatari workforce, whilst at the same time, attracting and maintaining a highly qualified and skilled migrant labour force (mdps 2008:2-9). Consequently, the Kafala system and Qatarisation policy have become an increasingly critical and central component in the governance of the Qatari labour market and will play a significant role in the national diversification efforts towards a sophisticated energy-driven knowledge-based economy (mdps 2008:2-9). Therefore, within this section, it will be evident that the late rentier state of Qatar has an active economic agenda, because they have adopted labour market policies that have a set of pre-determined goals and socio-economic outcomes (Gray 2011:28).

7.3.1. The Kafala System: The Regulation of the Migrant Workforce in the Late Rentier Qatari Labour Market

The migrant workforce provided a critical source of manpower required by the rapidly imposed oil development model and they will continue to be an important labour source as Qatar seeks to successfully create a diversified and sophisticated knowledge-based economy (mdps 2008:7-15). In doing so, the longstanding Kafala system has been and continues to be the primary mechanism that regulates the migrant workforce, of which, is widely regarded as being the most constraining sponsorship system in the region (De Bel-Air 2014b:3). Indeed, like their GCC counterparts, Qatar's Kafala System is based on a sponsor inviting a migrant worker to the country and their recruitment, employment, residency and socio-economic activity of the transient migrant workforce is completely regulated through the strict visa system. As shown in Fig. 14, there are three main labour focused visa types, of which, enable migrant labour to enter Qatar to participate in the economic advancement of the country, but are legally a transient population and therefore, these visas ensure that their economic activity, but more so their residency, is only temporary (Hukoomi, 2016b). Furthermore, with the implementation of Vision 2030, the Kafala system and its visa structure continues to be a central governance mechanism that enables the vast recruitment of skilled migrant labour, who are an essential stakeholder in the diversification efforts (mdps 2008:7-15).



(Fig.14: Qatar's Labour Migrant Visa Type and Specification) (Information Sources: Hukoomi, 2016b)

Once the formal visa process has been completed and the labour migrant has been issued or renewed their employment visa and residency permit, it is legally required that the sponsor returns the migrant's passport and travel documents (Art. 9, law No.4 of 2009; Zahra 2015:5). However as this

legislation is often not adhered to, the most recent residency law ratified that confiscating or withholding the migrant's passport is prohibited and in the instance when the employer holds on to the passport, they are to have the written permission of the migrant worker (Art. 8, Qatari Law No.21 of 2015).

Another stipulation of the work visa and residency permit in the previous Qatari residency law was that once the labour migrant has been authorised to enter the country to reside and work for a specific sponsor and economic purpose, they were prohibited to work for any other employer (Art. 19, Act No.3 of 1963; Zahra 2015:5-8). Indeed, although this stipulation remains a central feature of the Kafala system, in the present day, there are legal provisions in place that enable for the transfer of sponsorship to be authorised. Under Article 19 of Act No 3 of 1963, the transfer of sponsorship was focused on maintaining the migrant manpower that were considered to provide the skill set which served the development interests of the state. Therefore, even though the employment visa and residency permit required that the migrant worker exits the country immediately after their legal status and sponsorship concluded, if it served the economic interest of Qatar, then under this law, the MOI were able to grant and authorise the transfer of the migrant worker to another sponsor. Whilst in response to cases where dubious employment and exploitative practices underpin the sponsor-migrant worker nexus, the more recent labour and residency law promulgated by Article 22 of Law No.4 of 2009 stipulates that if permission is obtained and an agreement has been made between the current sponsoring employer and the new proposed employer, then a sponsorship transfer can be granted (Zahra 2015:5-8).

As a result of this transfer, the original sponsor is released from any future socio-economic obligation to the migrant worker, whilst the new sponsor takes all legal accountability and thus, the migrant worker is freed from their original employment obligation towards their original sponsor and repositioned under a new sponsorship and held to account by their new Qatari employer (Zahra 2015:5-8). To legally transfer sponsorship, a written agreement, also referred to as the No Objection Certificate (NOC), is to be issued by the original sponsoring employer, who states that they do not object to the migrant worker taking a new job in another company (Art.22, Qatari Law No. 4 of 2009). The NOC is a critical document for the migrant worker, because if they fail to obtain the certificate before they transfer to another employer or leave the country, they are legally required to exit the country for a minimum of two years, before they are able to return and work for another sponsor (Zahra 2015:5-8).

As the Kafala system strictly regulates all aspects of the migratory process, from the migrants' entry, residency and socio-economic activity, their temporary or permanent exit is also tightly controlled (Babar 2013:13,14; Zahra 2015:8-11). Similar to transferring sponsorship, the migrant is legally required to obtain authorisation from the sponsor to exit and if applicable, re-enter the country (Law No.4 of 2009; Babar 2013:13,14). To temporarily or permanently exit Qatar, the migrant worker has to be authorised with an exit permit. In regards to temporarily exiting the country, whereby the migrant intends to re-enter Qatar to continue their employment commitments and residency, they are issued a 'Multiple Exit Permit', which is to be authorised by their sponsoring employer (Zahra 2015:10-11). This allows the permit holder to legally exit the country multiple times over a one-year period and must be re-validated on an annual basis (Babar 2013:13-14). Whilst in the instance when the employment contract has concluded, the migrant worker is required to exit the country on a 'Single Exit Permit', which is valid for one exit journey out of Qatar and required to be used within seven days of issuance (Zahra 2015:10-11). If the migrant fails to obtain the permit, either due to the sponsors refusal or absence, the migrant is to elect a departure sponsor or obtain a court issued

certificate confirming they are not involved in any legal dispute within the country (Article 18, Law No.4 of 2009). Once this has been published in two national newspapers, the migrant is able to exit the country within fifteen days (Article 18, law No.4 of 2009).

To fulfil Vision 2030's ambition of restructuring the labour market, there is a greater attempt from the political elite to strictly regulate the volume and demographic profile of migrant workers who are residing and economically active in Qatar (Zahra 2015:9). The current legislation requires that once the migrant worker's original employment contract and sponsorship has ended, they are to exit Qatar and not re-enter for employment purposes for a minimum of two years starting from the date of departure (Article 4, Law No.4 of 2009). However, to be responsive to the requirements of the labour market and wider socio-economic diversification efforts, the government can renounce this stipulation and overturn the two year ban, by obtaining the written authorisation from the labour migrant's former sponsor, stating they do not object to the migrant re-entering Qatar for employment purposes (Article 24, Law No.4 of 2009).

Upon the conclusion of the contractual agreement, the sponsors are legally required and economically responsible for the immediate repatriation of the migrant worker to their country of origin (Article 24, law No.4 of 2009; Babar, 2013; Zahra 2015:16-17). In the instance when the migrant worker refuses to leave Qatar upon completion of their contracted employment period, the sponsor is legally required to inform the authorities of the absconded migrant worker (Article 24, Law No.4 of 2009). Equally, if an employer informally recruits a migrant worker through the visa trading process, they are still required to pay the repatriation expenses, whilst receiving economic penalties as a result of employing a migrant worker who are not officially authorised to be under their informal sponsorship (Article 24, Law No.4 of 2009).

7.3.2. The Qatarisation Policy: The Regulation of the National Workforce and the Private Sector in the Late Rentier Qatari Labour Market

The Qatarisation strategy has been on the policy agenda since the 1960s and seeks to increase the participation of the Qatari labour force, especially in the private sector (Berrebi et al 2009:441). Due to Qatar being historically characterised with a small national working age population, of which such trend continues, the manpower replacement strategy adopted by the government has had to be reflective of the national demographic profile, whilst being responsive to the socio-economic requirements of the country's development agenda. Alongside the dearth of national manpower, both the private and public sector continues to be dominated by the migrant workforce and as a result, Qatar's nationalisation programme has been more lenient in comparison to other GCC states and implemented on an ad hoc basis (Hertog 2014a:21). Whilst with the adoption of Vision 2030, this has reinvigorated efforts to socio-economically prepare the national citizenry for the labour market and as a result, Qatarisation has become a more formal and systematic regulatory framework and is particularly focused on implementing a 'quality not quantity' based nationalisation program. According to the political elite, this approach is more applicable to the demographic profile and politico-economic structure of Qatar and will be more beneficial to their long-term ambition of transforming the country from an oil-based economy to a knowledge-based economy (mdps 2008:1-5). Equally, as their new late rentier ascribed development model will take decades to become well established and embedded within the political economy, the Qatarisation policy will continue to be a central component of the socio-economic diversification efforts, but will continue to evolve in regards

to its goals and implementation mechanisms in order to adapt and meet the requirements of the transforming Qatari politico-economic landscape (mdps 2008:1-5).

The central goal underpinning the Qatarisation strategy is to replace migrant workers in economically important roles with a relevantly skilled and capable Qatari workforce (Berrebi et al 2009:441). Equally, as previously noted, due to the small national manpower available, the Qatarisation goals have had to be reflective of the national demographic profile, whilst achieving the government's objective of restructuring the rentier labour market towards a more sustainable and socio-economically diversified formation (mdps 2008:1-5). Accordingly, in the early millennium when Qatarisation was pursued less systematically, the mandate was focused on the public sector and the oil and gas sector, whereby 50 per cent of the workforce were required to constitute Qatari workers by 2005 (Berrebi et al 2009:441). Whilst in the private sector, where the policy was more casually implemented, there was a blanket quota applied to all entities across all industries, whereby they had to have a minimum of twenty per cent of their workforce comprising of Qatari nationals (Berrebi et al 2009:441).

As the Qatari government gradually sought to pursue a new development agenda, Qatarisation garnered greater support as a regulatory mechanism due to its strategic importance in restructuring the labour market. This is reflected in the fact that the most recent regulatory framework has been promulgated primarily by two national laws, which consist of the Labour Law No.14 of the Year 2004 and Law No.8 of 2009 on Human Resource Management and has been more recently broadly addressed in the National Vision 2030. Within these laws, it states that in all employment cases, priority is to be given to the Qatari workforce and in the last instance and in the case of need, a non-Qatari worker is permitted to fill the vacant employment role (Article 18 of the Labour Law No.14 of the Year 2004). Whilst under Article 14 of Law No.8 of 2009, it stipulates that Qatari workers are to have priority over migrant workers in public sector employment. As Qatarisation quotas are recognised to be an essential component in the effective business planning process for both public and private entities, the National Vision 2030 also promulgates that across both labour market sectors, a minimum of 50 per cent of socio-economically productive and permanent employment positions should be given to the Qatari workforce (mdps 2008:6-12).

Since the policy's inception, the Qatarisation regulatory framework has been criticised for lacking any coordinated and systematic implementation approach that would assist in successfully fulfilling the government's manpower replacement ambitions (Hertog 2014a:22). Indeed, with greater impetus behind this governance strategy as a result of Vision 2030, there has been greater effort to address this previous policy shortfall and design implementation mechanisms that effectively contribute to Qatar's diversification towards a knowledge-based economy. To help formulate implementation mechanisms that are conducive to this Vision, the Planning Council of Qatar, the Qatar Foundation and World Bank assessed the requirements of the labour market and as a result, numerous implementation mechanisms were suggested (Al-Subaiey 2016:3). In the case of the Qatarisation policy, as the government is seeking a 'quality' based nationalisation program, this is reflected in their implementation mechanisms as shown in Fig.15, which are focused around establishing a national workforce who are committed to their own professional and human capital advancement and thus, active agents in the national diversification process (Hukoomi, 2016c). Moreover, it also recognises that for Qatarisation to be a success, the private sector will need to be a supportive actor in meeting their quota, whilst also assisting in developing the skill base of the national workforce (Hukoomi, 2016c).



(Fig.15: Qatarisation Implementation Mechanisms) (Information Source: mdps 2008:3-15)

It is evident that the government recognise that in order to have a strong and socio-economically diversified economy, it is essential that they advance the skill base, knowledge and capability of the national citizenry (Al-Subaiey 2016:2; Hukoomi, 2016c). Mechanisms such as increasing the skill development and employment opportunities available to the national citizenry, especially the female demographic group, whereby they are encouraged to pursue their socio-economic ambitions, will be critical if they are to actively participate in the labour market and wider national diversification efforts (Al-Subaiey 2016:2; Hukoomi, 2016c). Therefore, as many Qatari's currently hold entry-level positions, these implementation mechanisms share the same strategy of offering national workers the opportunity to receive specific job related training, work projects and academic advancement opportunities, especially at the undergraduate and post-graduate level (Hukoomi, 2016c).

For example, for secondary school graduates who have achieved exceptional grades, they have scholarships available to them that are offered by companies such as Qatar Petroleum. Through sponsorship, they are able to attend either a national or overseas university to obtain a degree in the sciences or arts or even just attend a summer internship (Hukoomi, 2016c). Vocational training programs are also available, especially in the technical, security, clerical, marine and fire safety fields (Hukoomi, 2016c). Whilst in regards to the female demographic group, they are encouraged to seek

technical and non-technical training in return for an exceptional salary and work based benefits (Hukoomi, 2016c). Thus, if they and the wider national citizenry seek training to be able to participate in professional occupations such as management roles in the educational, health and business sector, salaries will be continually increased yet competitive in both sectors (mdps, 2008).

Whilst in regards to private sector companies, the government have stated that any future success of the Qatarisation policy will be a direct result of the full support and coordinated effort from employers in the private sector (Hukoomi, 2016c). These implementation mechanisms, therefore, also seek to encourage companies to employ more from the national labour pool in return for economic incentives and subsidies to assist in advancing their workforce's human capital (mdps, 2008). For example, a quota-based system has been put in place whereby in companies who have more than fifty employees or have recruited migrant workers who hold the critical skill set that is in demand from the economy, the private sector company is to provide technical training to at least five per cent of its Qatari manpower (Hertog 2014:21; Hukoomi, 2016c). In meeting these quotas, they are eligible for regular government contracts and business loans to expand their corporate activity (Hukoomi, 2016c).

Alongside transforming the socio-economic role of the national workforce and private sector, these implementation mechanisms also seek to address the role of the migrant workforce. As previously noted, Qatar has a critical shortage of national manpower and therefore, the transient migrant population will continue to be a dominant stakeholder in the current socio-economic diversification efforts (Hukoomi, 2016c). However, supported by the Kafala system, the Qatarisation strategy seeks to ensure that private sector actors especially, recruit a mixed yet relevantly skilled migrant workforce and only retain those who hold the skills demanded by the economy and labour market (mdps 2008:2-9). The quota surrounding non-Qatari workers in the labour market therefore, will continuously be reviewed by the Ministry of Labour and will be determined by the requirements and interests of the Qatari socio-political and economic arena (mdps 2008:2-9).

7.4. The Policies in Practice: Transforming Towards a Late Rentier Labour Market Formation

To successfully diversify Qatar away from its oil dependent political economy, upgrading and restructuring the labour market is critical. Within the restructuring process, the labour market needs to transform from its rentier constructed public sector dominated, low-skill, low-productivity, low-wage formation and replaced with a new socio-economic order which is underpinned with a competitive wage, highly skilled labour force and productive private sector (mdps 2008:2-9). Accordingly, the labour market reforms, especially those that encourage the participation of the Qatari workforce in the private sector, are fundamental in fulfilling Qatar's ambition of transforming into an oil-driven knowledge based economy over the 21st century (mdps 2008:2-9; Berrebi et al 2009:441). Within this section, it will explore the implications of the Kafala System and Qatarisation strategy to date, by analysing as to whether they have restructured the labour market and achieved their overriding objective of increasing the participation rate of the national citizenry in the labour market, especially the private sector and subsequently, reduced the socio-economic presence of the migrant workforce. Indeed, it will be argued that the policies to date have had limited success, because the rentier labour market distortions still prevail. Moreover, the barriers to restructuring the labour market will be discussed and through exploring the policies in practice, it will be argued that despite the late rentier state of Qatar taking on new politico-economic dynamics, rentierism still underpins the activity of socio-economic actors (Gray 2011:37).

7.4.1. Towards a Restructured Labour Market: The Continuation of Its Rentier Formation with New Labour Force Dynamics

Over the oil development decades, the economic agenda, domestic education attainment levels, national manpower size and labour migration flows have all significantly influenced the current structure of the Qatari labour market (Berrebi et al 2009:432). Because with the shortage of relevantly skilled domestic manpower, the oil induced economic advancement of Qatar depended on the mass importation of both skilled and unskilled migrant labour and as a result, created a distorted and segmented labour market (Berrebi et al 2009:432). However, through exploring the regulatory framework of both the Kafala System and Qatarisation program, it is evident that the mandate underpinning the governance of the Qatari labour market is to strictly regulate the socio-economic activity of the migrant workforce, whilst encouraging the productive participation of the national citizenry in the labour market, especially that of the private sector. To achieve this objective, the overarching quantitative goal guiding these policies is to ensure that a minimum of 50 per cent of socio-economically productive employment positions across the labour market are awarded to the Qatari workforce on a permanent basis (mdps 2008:4-15; Berrebi et al 2009:441). Therefore, through the concurrent application of these policies which regulate the supply and demand of different socio-economic actors, they seek to restructure the labour market and rid it of its rentier formation.

Indeed, despite Qatar's more lenient nationalisation approach and stricter application of the sponsorship system, the policies have had limited success in restructuring the labour market away from its rentier formation (De-Bel Air 2014b:6). Instead, through their prolonged implementation alongside the prevalence of rent based activities amongst the private sector and society, they have had the reverse effect by further entrenching the segmented socio-economic structure, whereby the national and migrant labour force continue to work in separate labour markets (Berrebi et al 2009:432). For example, in regards to the population dynamics, the migrant demographic has significantly increased in size from comprising 71.7 per cent of the total resident population in 1997, to 85.7 per cent in 2010 (Berrebi et al 2009:432; De-Bel Air 2014b:6; GLMM, 2017a). Whilst in regards to the labour market, only 1 per cent of the national labour force is employed in the private sector and consequently, 99 per cent of private sector employees are migrant workers (Berrebi et al 2009:432; De-Bel Air 2014b:6-7; GLMM, 2017b). In the public sector, the dominance of migrant workers continues, because they comprise 60.8 per cent of the sectors total labour force (Berrebi et al 2009:432; De-Bel Air 2014:6-7; GLMM, 2017b).

Evidently, through the continued dominance of migrant manpower in the Qatari labour market, the longstanding division between both the public and private sectors and the national and migrant workforce remains (De-Bel Air 2014b:7). More so, as they dominate all occupation levels, from comprising 80 per cent of all managers to 99 per cent of unskilled positions in areas such as construction, they continue to be a vital source of manpower for the Qatari economy (De-Bel Air 2014b:6-7). This was reflected in an account from a private sector business owner who explained that despite the policies seeking to strictly regulate and reduce the presence of the migrant workforce, they;

'...are the bulk of the labour force in both the public and private sector...they are so vitally needed and the lynchpin of the current economic structure...'

[Thomas:29/08/14]

In another supporting account from an advisor to the QF, it was noted that as the country has a very small national labour pool, it is impossible to successfully diversify based on a Qatari dominated labour force and private sector driven economy (Al-Subaiey 2016:2,9). As a result, the policies were regarded to be redundant, because it is unrealistic and unsustainable to replace the economically vital migrant workforce with the national citizenry, just for the politically motivated sake of replacement (Baldwin-Edwards 2011:11). Thus, as Qatar have a;

‘...a very small national manpower...how is it even considered feasible that they will be able to take over the migrant workforce?...it is not a relevant policy response for Qatar...’

[Stephen: 24/05/14]

Conversely, a senior policy advisor to the MEC further addressed the continued dominance of the migrant workforce in the labour market, by explaining that the government do recognise that they are still vitally needed and will be drawn upon out of economic necessity (mdps 2008:2-8; Baldwin-Edwards 2011:9). Therefore, the government are;

‘...seeking a more regulated approach to their recruitment and stay, because we need a mixed and relevantly skilled migrant workforce to top up our national labour force, so their recruitment is becoming more selective and in line with the ambitions and requirements of both the government and our citizens...’

[Saadi:29/05/14]

Vision 2030 reinforces this perspective, whereby it is recognised that to successfully fulfil the national development ambitions, it will be necessary to draw upon the right mix of migrant labour, who will assist in diversifying Qatar towards a sophisticated knowledge based economy (mdps 2008:2-9). However, they are still restricted in their socio-political agency, because they are still unable to acquire citizenship or permanent residency because as noted by a business owner;

‘...migrants are seen as purely economic agents and are here for a short time...as soon as they are granted any social and political rights, this is when we will see greater uproar from the national population regarding their extensive presence...’

[Thomas: 29/08/14]

It is evident therefore, that Qatar does have an active economic and development policy, but in the instance of labour market governance, it is not socioeconomic advancement that is the biggest determinant underpinning the policies adoption, because based on the previous data presented, they have not significantly altered the rentier structure (Baldwin-Edwards 2011:11; De-Bel Air 2014:6). But as noted by the late rentier model and highlighted by the narratives of the interview participants, it is politics and oil rentier bargains that maintain the states ultimate rule which underpin the adoption of the labour market policies (Gray 2011:29). Because as Qatar has an extremely low national population and thus a relatively small workforce, the objective of the Kafala system and Qatarisation initiative, whereby the migrant workforce are to be reduced and replaced with national manpower, is contradictory to the demographic and labour market profile (Baldwin-Edwards 2011:11). Therefore, these policies are not conducive to the economic advancement of the country, but as they provide the state legitimacy in terms of appearing to be doing something about national unemployment and the threat associated to the presence of a large migrant population, they do serve the political purpose of representing the government as managing the country's socio-economic affairs to society (Baldwin-Edwards 2011:11; Gray 2011:29).

According to both the late rentier model and Vision 2030, the political elite need to be responsive to the socio-economic needs and ambitions of society, especially to marginalised groups such as women (mdps.gov.qa, 2008; Gray 2011:25). To guarantee long-term socio-economic prosperity in an era of continuous oil boom and bust cycles, the late rentier state also needs to think long term and broaden its employment base by including previously untapped sources of national labour (Gray 2011:34). Indeed, despite the limited success of the policies in restructuring the overall Qatari labour market away from its rentier formulated socio-economic segmentation, a new dynamic in the late rentier Qatari economy has emerged over the last two decades and is that of the increased socio-economic participation of the female demographic. According to a legal advisor, Qatari women have evolved into a;

‘...dominant and transformative force in the labour market...’

[Karen: 07/06/14]

This perspective supports the widespread argument that to successfully transform the Qatari political economy over the 21st century, the female demographic will have to play a dominant role in the diversification efforts and therefore, hold greater capacity in the economy and labour market (Felder & Vuollo 2008:1; Walker, 2016). Indeed, over the last twenty-five years, their participation has increased and they are now entering the labour market in high volumes and due to their continued employment, even during child-bearing years, they are changing the demographic profile of the workforce (Felder & Vuollo 2008:1). The same legal advisor noted that their increased participation can be attributed to changes in society’s attitudes towards female employment, but also in response to the Qatarisation strategy, because they are guaranteed employment in certain sectors such as HR and in senior governmental positions and as a result, they have access to employment in;

‘...new industry sectors, which are highly paid and economically productive occupations... they are actively pursuing employment opportunities either as an employee of a private or public sector organization ...’

[Karen:07/06/14]

Qatari women are also increasingly undertaking senior and managerial positions in traditionally male dominated sectors, such as information technology and engineering, whilst also being in strong demand especially in the education sector, where they comprise 90 per cent of teachers (Walker, 2015). As a result of these new employment opportunities facilitated by the Qatarisation strategy, their overall labour market participation rate has increased from 38.7 per cent in 2000 to 53.3 per cent in 2016 and now comprises 49 per cent of public sector employees (Bahry & Marr 2005; WorldBank, 2017d). Alongside the Qatarisation strategy assisting their access to greater employment opportunities, another significant determinant behind changing the socio-economic status of Qatari women is their increased education attainment level. Education has been available in Qatar since the early 19th century, but with the sudden oil induced wealth, the government encouraged all Qataris to enrol in free education and were given a monthly stipend in return (Bahry & Marr 2005; Walker, 2016). Qatari women benefited from this, because education became the main channel where they could pursue their own socio-economic ambitions and although it was a slow start, by the 1970s, female enrolment began to surpass that of the male student body and in the present day, the female demographic tend to be better educated than Qatari males (Felder & Vuollo 2008:1). For example, in 2000, 73.1 per cent of Qatari males were in secondary education, whilst 80.4 per cent of Qatari females were enrolled (WorldBank, 2017e). By 2015, Qatari male participation in secondary education had declined to 69.3, whilst the female participation rate had increased 89.6 per cent

(WorldBank, 2017e). Whilst in regards to tertiary education, in 2000 only 7.8 per cent of Qatari males were enrolled in university, whilst 29.8 per cent of Qatari females undertook a university degree (WorldBank, 2017e). By 2015, this gender gap widened, whereby only 6.3 per cent of Qatari males were enrolled at university, whilst female enrolment had increased to 43.9 per cent (WorldBank, 2017e). As a result, Qatari women are now regarded as being better educated than their male counterparts (Felder & Vuollo 2008:1). In being so, an advisor to the QF noted that Qatari women are a;

‘...vital population group, because they provide both the skills and manpower...and are definitely a leading group in the diversification efforts of Qatar...’

[Stephen:24/05/14]

Despite their increased socio-economic advancement through greater education and employment opportunities, Qatar is still a conservative society guided by Sharia law and therefore, the cultural and religious fabric of the country continues to impede the full integration of women in the political economy and labour market (Bahry & Marr, 2005; Felder & Vuollo 2008:1). As noted by a HR manager, although the female demographic have greater employment opportunities due to the Qatarisation initiative and a conducive education system that encourages their participation, they are still;

‘...constrained within the patriarchal and traditional based society.... So it’s important to recognise that although the laws and policies can advocate for greater integration and equality, the deeply rooted cultural and religious traditions have a greater authority over society and is often more abided to by the population...’

[Danah:10/05/14]

As a result, Qatari women continue to be constrained by the religious and cultural milieu, of which informs their choice of employment in terms of profession and labour market sector. Because as noted by government themselves in their development plan, females are reluctant to occupy positions within certain positions, especially in the private sector, due to socio-cultural opposition to gender integration (Qazi, 2015). Thus, the public sector continues to be the favoured sector for Qatari women, not only because of its exceptional maternity leave benefits and flexible working hours, but because jobs such as public health nurses, teachers and ministry administrator roles are more socially acceptable (Walker, 2016). This is supported by the fact that in the Ministry of Education and Higher Education, 78 per cent of its workforce comprise of Qatari women (Walker, 2016). Although it is evident that Qatari females are changing the demographic profile and structure of the late rentier labour market, as they continue to face socio-cultural barriers, this will impede their full engagement in the economic socio-diversification process advocated in Vision 2030. Therefore, these socio-cultural issues surrounding gender needs to be addressed in the strategies adopted, but also within society itself, if Qatar are to fully realise their ambitions of socio-economic diversification. Indeed, as noted by the late rentier model, strategies will not be implemented that are socio-culturally contentious and undermine the state's authority by straining their relationship with the religious elite and conservative members of society and in this case, includes not significantly transforming the gender dynamics that are embedded in their Islamic tradition (Gray 2011:26).

7.4.2. Impeding Implementation: Barriers to Transforming Towards the Late Rentier

Although there has been increased effort by the state to regulate the national labour market through the Qatarisation policy and Kafala system, government policymakers themselves have expressed concern that the policies have had limited success in developing a national workforce who not only actively participate in the national labour market, but also effectively contribute to Qatar's competitive positioning in the global economy (Berrebi et al 2009:421). This is because there are a myriad of deep structural barriers, such as the continued culture of oil and education mismatch, which have to date been ignored by the policy makers and political elite (Al-Subaiey 2016:2). The most divisive however, is the legacy of rentierism, because it continues to inform the behaviour and activities of the political elite and socio-economic actors and therefore, is the most critical barrier to Qatar successfully transforming into a knowledge based economy over the 21st century. Within this section, it seeks to explore this issue and reinforce Gray's (2011:23) argument that although the late rentier Qatari state has new politico-economic dynamics, the fundamental features of rentierism remain.

One of the most prominent barriers to successfully restructuring the Qatari labour market has been and continues to be the education mismatch (El-Katari et al 2011:19; Gulseven 2015:14). Although there has been some progress in the education attainment level of certain social groups, such as the female demographic as previously discussed, the structural education system of the oil development decades still largely remains (Al-Subaiey 2016:1,5). For example, as the national citizenry was not needed in the oil based development process, it was not essential that they had obtained the relevant education and skill base (El-Katari et al 2011:19; Gulseven 2015:14). In the present day, this has led to the education system continuing to offer inadequately designed training programs and an irrelevant curriculum, whereby more than 85 per cent of students seek a soft science and religious based education which is disconnected from the requirements of the private sector (El-Katari et al 2011:19-24). Therefore, the education system is failing to produce an adequately skilled and educated national workforce and as noted by a lawyer, this has been particularly detrimental to the implementation of the Qatarisation policy, because;

'...there continues to be a severe mismatch between the education system and requirement of the labour market...But now that Qataris are needed to provide the manpower, they still lack the relevant skill base needed...'

[Amir: 25/07/14]

This issue of education mismatch can also be further attributed to the rentier-constructed culture of oil, because as a national citizen, it continues to be a birth right to have guaranteed and life-long public sector employment opportunities and thus, a relevant education is still not required (mdps 2008:2-12; Ruhs, 2010). According to a consultant to the ILO, the Kafala system in particular has reinforced the already deeply entrenched notion of citizenship amongst the national citizenry, because through Qatar still drawing largely upon the migrant workforce to develop and diversify the country, there is still no urgent demand for the productive input of the national workforce in the private sector (Ruhs, 2012). Therefore, the continued recruitment of migrant workers through the Kafala system has reinforced the rentier ideology surrounding citizenship, whereby;

'...we are nationals so we have the prerogative of public sector employment, whilst migrants can come and do the hard work...'

[Leila: 19/06/14]

Resulting from the national citizenry's continued expectation of public sector employment and the recruitment of migrant workforce, who fill the low wage, low skill and menial based occupations which are deemed socio-culturally unacceptable by the Qataris, this has reinforced the rentier segmented socio-economic landscape (mdps 2008:9-14; Ruhs, 2012). Indeed, an advisor to the QF noted that the adoption of these policies is politically motivated and the segmented socio-economic structure has been maintained on purpose, because the central motive underpinning the;

'...labour policies is to keep the national population happy and so, as they have come accustomed to public sector employment and all the benefits associated to it, why would the national population suddenly turn around and agree to work in jobs which are...deemed menial, under paid and overworked?... the policies adopted are also a reflection of the interests of the political and economic elite...'

[Stephen:24/05/14]

Evidently, policies are designed to maintain the status quo of the socio-political order and not to necessarily significantly transform the socio-economic landscape, as assigned by the late rentier model (Gray 2011:33). In this case, the policies are implemented with a publically advocated goal of strictly regulating the labour market and providing greater employment opportunities to the national citizenry, but due to the culture of oil still prevailing across society and the socio-political risk of enforcing the transfer of Qataris to the private sector, the state will only implement the policies to an extent that does not threaten their political position (Gray 2011:23,33).

This perspective is further exemplified by the rentier reaction during the 2011 Arab Spring, because although Qatar was largely untouched by the regional socio-political turmoil, the state still responded by implementing emergency welfare provisions such as increasing public sector employment opportunities and increasing salaries by 60 per cent (Gray 2013:3; Kinninmont, 2013). Many observers saw this rentier reaction from Qatar as being politically motivated, because the state sought to diminish the threat of social unrest through measures that were in stark contrast to the objectives of the labour market reforms and diversification efforts (Gray 2013:3). This is a classic example of the late rentier argument that policies may be designed and weakly implemented, but as soon as socio-political unrest ensues, they are abandoned and replaced with old rentier bargains that ensure the authority of the political elite is maintained (Gray 2011:33). Consequently, this has further inflated the culture of oil and ideology of the rentier citizen, because what first generation Qataris saw as generosity from the state regarding welfare provisions and public sector employment, their children now view as a birth right and will still be given freely during times of socio-political turmoil (Kinninmont, 2013).

Another barrier to reform which has been facilitated by the education mismatch and continued rentier mentality is the issue of visa trading. According to a HR manager, due to the misalignment between the education system and labour market, the national workforce do not hold the relevant education, skill base and work ethic to be productive participants in private sector companies. As a result, the labour market policies have created animosity from private sector companies, who view the government as enforcing them to be fully accountable for the employment of the national labour force, who;

‘...do not have the skill set and education for them to be a productive employee. How can the government legitimately ask us to take on such an economic risk, because we are employing nationals for the sake of employing nationals...’

[Danah: 10/05/14]

In response, private sector companies participate in the profitable visa trade, which has been regarded as being at the heart of Qatar’s labour market distortions (Walker, 2014). Due to it being an illegal and unmonitored phenomenon, it has been estimated that on an annual basis, thousands of migrant workers get caught in this grey system, whereby they purchase a visa from a Kafeel to enter Qatar and upon arrival, they have no real employment associated to the visa (Kinninmont, 2013; Walker, 2014). As a result, they become part of the undocumented labour market and seek employment with another Qatari employer, who does not have any socio-economic responsibility to the migrant worker due to not being the legally authorised sponsor (Walker, 2014). This has contributed to many private sector businesses favouring the visa trade, because they are able to informally recruit migrant workers, meet their vague Qatarisation quota, whilst maintaining their economic productivity (Walker, 2014). This practice is so prevalent, that within the first four months of 2013, the MoI dealt with 877 cases of visa trading, but only prosecuted 51 of these firms for adopting this practice as a mechanism to recruit migrant labour (Kinninmont, 2013; Walker, 2014). According to the same HR manager, visa trading is a;

‘...very profitable business...many private sector businesses and even the political elite...are involved in visa trading...so (the system) is manipulated to suit the needs of many different actors...’

[Danah:10/05/14]

Evidently, the Kafala system has become a central mechanism that facilitates rent seeking, whilst constructing and maintaining the labour market structure which it seeks to reform (Ruhs, 2012). Indeed, according to an advisor to the QF, the Kafala system is a;

‘...highly social and politicised system and had been adopted by the government in a way to maintain their legitimacy, because visas firstly are a means of rent-distribution...’

[Stephen:24/05/14]

Therefore, although the late rentier Qatari state are adopting policies that are publically advocated to address the demographic and unemployment issues by implementing strategies that seek to restructure the labour market, behind closed doors, there is a neo-rentierism governance approach occurring (Gray 2011:29). Because as the Kafala system is a central mechanism of rent seeking and distribution, it will remain critical in maintaining the political elite’s support from actors such as the business elite. Therefore, visa trading is largely overlooked by the state, because they recognise that it’s a critical means of producing rentier-liker political outcomes whilst they seek to diversify the wider economy (Gray 2011:29). With the education mismatch, continued culture of oil and visa trading inhibiting the successful implementation of the labour market reforms, it was suggested that all of these issues are reinforced by the fact that the policies are too rigid and not applicable to the reality of the Qatari socio-economic landscape (Al-Subaiey 2016:2). According to a consultant to the MoL, despite the government advocating the quality based Qatarisation program being different from other regional quantitative based nationalisation strategies, it is still underpinned by meeting a vague yet rigid quota. Of which, was only to be originally applied to the public sector and hydrocarbon industries (Berrebi et al 2009:441; Al-Subaiey 2016:2). Therefore, the Qatarisation policy;

‘...in theory...is a good one, but the profile of the national labour force is not conducive to establishing quality-based Qatarisation and so, the policy is still deeply rooted in a quantity based regime...’

[Ali:15/07/14]

Whilst in a supporting account given by a business owner, the Qatarisation strategy in its current form is too ambiguous and;

‘...not applicable...or achievable... to the current condition of the Qatari labour market...and the quotas...many companies are unsure of what they actually are. The Qatarisation, by far the most primitive nationalisation policy in the region, is not even comprehensive enough to be deemed a labour market policy...’

[Thomas:29/08/14]

Based on the narratives given, one could suggest that in this case, the late rentier model is correct in arguing that the late rentier Qatari state do have an active economic and development policy that includes labour market strategies, but due to issues such as the irrelevancy and inapplicability of the Qatarisation strategy, it does not represent that the political elite are competent economic managers (Gray 2011:28). Because for the Qatarisation policy to effectively restructure the labour market, the implementation mechanisms and methodologies need to respond to the reality of the current socio-economic landscape, of which, it is currently not (Babar, 2013). Indeed, it could be further argued that the dubious labour based practices and inapplicability of the current reform policies is due to the continued prevalence of rentierism, but also the lack of institutional capacity of the Qatari state to effectively design and implement a governance strategy that is relevant and representative of the current socio-economic context (Babar, 2013). Because according to a legal advisor, there are many issues related to these policies as identified, but the biggest barrier is the;

‘...government themselves, because they are all trying to apply the policies in different ways...they take different aspects and run with what they think...there is no centralised approach to the governance of the labour market...’

[Karen:07/06/14]

As there is no coherent internal strategy amongst the governmental ministries who are involved in the governance of the labour market, this lack of institutional capacity has contributed to the creation of unsuitable policies that are contradictory to the Qatari politico-economic context (Babar, 2013). Therefore, this once again highlights that although the late rentier Qatar state has a new development agenda, it is questionable as to whether they are capable but more so competent in designing policies that are reflective and responsive to the requirements of the national political economy, especially that of the labour market (Gray 2011:28).

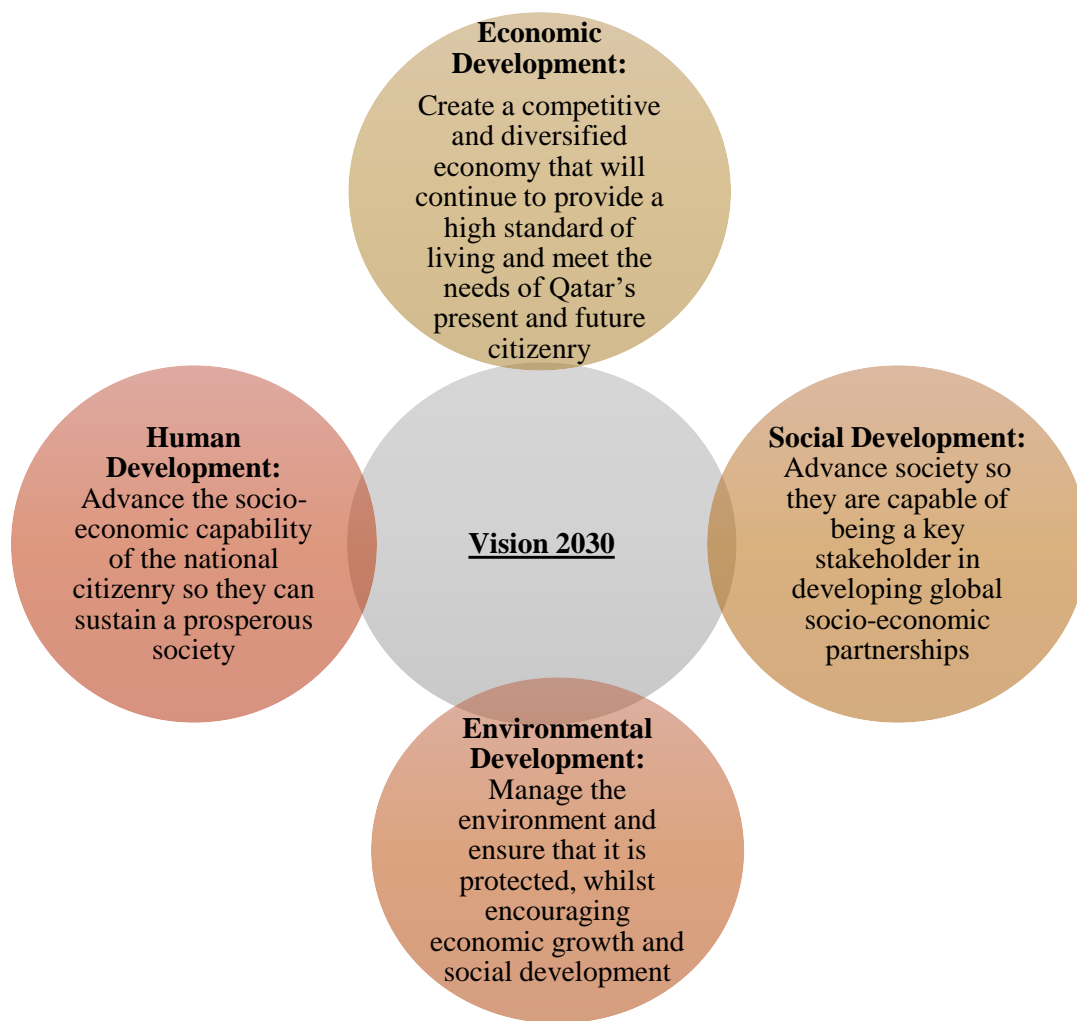
7.5. Transitioning Towards the Late Rentier Political Economy: The Adoption of a New Economic Policy and Development Agenda

Due to increasing global oil price volatility and internal socio-political and economic pressures, the State of Qatar are responding by actively pursuing a new development trajectory. Entitled Vision 2030, this agenda seeks to sustainably diversify the country into a knowledge-based economy and in doing so, end their longstanding dependence on oil based development (mdps 2008:2-9). Accordingly,

through Qatar shifting their focus towards a new development model, this is indicative that the state is beginning to reflect upon their long-term socio-economic and political survival and thus, as asserted by the late rentier paradigm, the political elite are becoming more strategic in their thinking and adopting new socio-economic mechanisms of legitimacy (Gray 2011:21,28). This brings into question, therefore, how is the governance of the Qatari labour market situated within their new development agenda and what is the proposed next step for the Kafala System and Qatarisation program? In this final section, these issues will be explored with particular focus on the stipulations surrounding the developments and changing role of the Qatari labour market and its workforce in Vision 2030 and thus, highlight the key features of the post-oil dependent Qatari political economy in accordance with the late rentier model.

7.5.1. Towards the Qatari Late Rentier Development Agenda: National Vision 2030 and the Four Pillars of Transformation

To advance and diversify Qatar's political economy, the state has advocated that they need to adopt a clear and comprehensive development strategy that draws upon opportunities, such as investments made due to hosting the 2022 FIFA World Cup, whilst effectively addressing the challenges that impede their transition towards a post-oil dependent development model, such as the demographic and labour based issues previously discussed (mdps 2008:4-8). Accordingly, as assigned by the late rentier model, Vision 2030 has been formulated to address these development opportunities and challenges and offers a strategic guide that will navigate Qatar as they diversify into the post-oil dependent era (mdps 2008:2-8 Gray, 2011:28). Based on four development pillars, as shown in Fig.16, Vision 2030 seeks to modernise Qatar, by transforming national social, human, economic and environmental dynamics. Through advancing the role of key socio-economic stakeholders, this will ensure that for generations to come, Qatar will be a place where there is a high standard of living and socio-economic productivity, which in turn, positions the country as a globally competitive and influential political economy (mdps 2008:4-8).



(Fig.16: The Four Pillars of National Vision 2030) (Information Source: mdps 2008:11)

Clearly, these pillars address different aspects of the development agenda, but as will be evident in the subsequent sections, there is a shared underlying objective of creating a society that is capable of leading the national diversification efforts and where oil-led development is replaced with an oil-driven knowledge based economy (mdps 2008:3). As supported by the late rentier model, the government also recognise that they must use their resource-wealth more wisely and invest in its people, who are capable to fully participate in the social, economic and political domain (mdps 2008:3; Gray 2011:34). Therefore, creating a dynamic and diversified economy through effectively regulating the labour market and the private sector is once again at the vanguard of the policy agenda (mdps 2008:3). Through charting the stipulations of Vision 2030, it will be evident that the new development model seeks to build a bridge that will take Qatar from the oil dependent 20th century into a modernised socio-economically diversified political economy of the 21st century (mdps 2008:3).

7.5.1.1. The Economy: Energy-Driven Economic Development and Diversification

A vibrant national economy is the bedrock which long-term economic prosperity and improved welfare for the national citizenry is built (mdps 2008:24). In previous decades, oil rents were the lifeblood to the regime's legitimacy and thus, economic development and its associated prosperity was firmly rooted in the oil economy (Gray 2011:30). However, due to global oil price volatility, a central component of Qatar's new development agenda is to sustainably manage and create a balance between natural resource reserves and production, whilst pursuing economic diversification strategies that will socio-economically support the aspirations of future generations (mdps 2008:24). A senior economic advisor, even noted that although oil rents enabled Qatar to experience exceptional prosperity over the 20th century;

'...the oil led development model is no longer socio-politically or economically viable, so economic diversification is very much a key cog in the engine to reforming the Qatari development trajectory...'
[Leila:19/06/14]

Therefore, broadening and diversifying the economic base will become the engine of reform to the Qatari political economy over the 21st century. One strategy asserted by both the later rentier model and Vision 2030 is to transform the economy from being energy-centric to energy-driven (mdps 2008:24; Gray 2011:30,31). This diversification into an energy-driven economy was highlighted by a policy advisor to the MEC, who stated that due to increasing global oil price volatility, Qatar has no choice but to seek other forms of revenue, because it is a;

'...fiscal risk to continue the extreme dependency on one sector.....so through economic restructuring and diversification...this will enable for there to be a platform...for other economic actors and industries...'
[Saadi:29/05/14]

This perspective is reflected in Vision 2030, where it explicitly states that sustainable economic diversification means gradually reducing Qatar's extreme dependency on hydrocarbon revenues (mdps 2008:29). Indeed, although the state seeks to reduce their oil rent dependency, oil revenues will remain crucial and the development of Qatar will for the foreseeable future be strongly connected to the rents accrued from the hydrocarbon sector, as it continues to be a critical source of income required to develop private sector industries and the skill base of the national manpower (mdps 2008:29). What is changing however is how the oil rent is drawn upon in the development process, because according to late rentierism, energy-driven states such as Qatar continue to draw upon oil rents, but they are being used more vigilantly and supporting policies that actively achieve economic diversification (Gray 2011:30-31).

For example, energy-driven policies seek to support expanding sectors that are of socio-economic advantage instead of just funding industries to create jobs for the national citizenry (Gray 2011:30-31). Policy reforms therefore, are likely to be made to sectors that deal with education, skill development, finance and business and in doing so, will address the rentier formulated economic structure, by reforming and replacing it with a system that encourages the participation of a competitive and active private sector and labour force (mdps 2008:24; Gray 2011:30-31). This energy-driven policy approach is identified in Vision 2030, where it proclaims that Qatar's bountiful hydrocarbon reserves will be leveraged and adopted in a manner that is conducive to their long-term sustainable development (mdps 2008:24). Thus, the diversification efforts will be focused on using oil

rents to provide the financial assistance needed to invest in building Qatar's world-class infrastructure and public services, supporting entrepreneurship ventures and innovative capabilities of a competitive private sector, who will be at the vanguard of these diversification efforts (mdps 2008:24,29). According to a consultant to the MoL, the role of the private sector is vital in any diversification endeavour, but due to rentierism, there is still no independently functioning private sector. Instead, it is just another economic entity kept afloat by rent seeking activities and heavily subsidised by state coffers (Hertog 2013:14). Therefore, in its current form, the private sector is;

'...not autonomous from the State because in each direction, there is some form of investment from the government or politically invested elite....for real reform...a proper independent and economically productive private sector needs to be established...'

[Ali:15/07/14]

Whilst in another supporting account from a lawyer, to successfully diversify the Qatari economy;

'...it needs to be recognised that there is no real independent private sector, especially in Qatar compared to any other GCC economy, because its activity is significantly funded by the government and politically invested actors''

[Amir:25/07/14]

This issue is also recognised in Vision 2030, where it states that the first challenge to economic diversification is to address the structure of the national private sector, because for Qatar to achieve its ambition of sustainable development, a basic precondition is that the private sector needs to be restructured through incubating and growing small and medium size enterprises through financial and non-financial support based mechanisms (mdps 2008:24-25). To be an engine of reform and to successfully carry out its required role in the economic diversification efforts, the private sector will also require investment, support and training to be available to potential entrepreneurs and the wider business sector (mdps 2008:24). Indeed, as predicted by the late rentier model, they are still restricted in their economic activity, by being prohibited from investing and participating in socio-politically important industries such as manufacturing and the hydrocarbon sector, which is reserved for the government and political elite (mdps 2008:26-27; Gray 2011:26-27). What the Qatari government is trying to do therefore, is achieve economic diversification by creating opportunities for the entrepreneurial middle class and wealthy elite in sectors such as international trade and investment, whilst maintaining their own politico-economic position, whereby they continue to dominate the hydrocarbon sector and manufacturing industries, which provides the state their economic means of legitimacy (Gray 2011:28,29; Gray 2013:8). Therefore, the private sector and businesses are encouraged to participate in the economy through favorable policy initiatives such as those found in the Qatarisation strategy, but are still subservient to the state, who are in control of the most valuable and politically influential sectors, such as the hydrocarbon sector, and control many of the large firms in the upper echelons of the private sector (Gray 2011:29; Gray 2013:8,10)

7.5.1.2. Human Development: An Oil Driven Knowledge Based Economy

Despite being one of the globe's most affluent rentier states, with burgeoning national unemployment, labour market imbalances and a pronounced demographic structure, for the long-term prosperity of the country, but more so for the survival of the political elite, the government needs to take into account these challenges when planning for Qatar's future (Gray 2011:34). To successfully diversify, it is imperative that the development agenda adopts policy measures that will restructure the labour

market, because this will significantly help contribute towards creating meaningful employment for the national citizenry, especially the youth, who are increasingly demanding for better socio-economic opportunities (mdps 2008:13,24; Gray 2011:23,30,34;43). As proposed by the late rentier model, one strategy is for the government to address the education and skill development of the national citizenry, whilst encouraging them to become productive participants in the labour market, especially within the private sector (mdps 2008:13,24; Gray 2011:23,30,34). This is exactly how the state of Qatar have responded, because in Vision 2030, it proclaims that the country's long-term diversification efforts will be based on building an innovative knowledge-based economy, whereby they become an internationally active centre of scientific, technological and intellectual research through cooperating with the private sector and specialised international centres (mdps 2008:13,14,16). According to lawyer, they noted that transforming the political economy towards being knowledge based has;

'...swept throughout the Arabian Peninsula as the most desired development trajectory, as it re-routes the socio-political and economic structures away from the oil development model...and will contribute to altering the role of society, the political institutions and economic actors...'
[Amir: 25/07/14]

In exploring how the late rentier state of Qatar is seeking to fulfil its ambition of creating a knowledge-based economy, two main strategies have been adopted and focus on creating a world-class education system and a capable and motivated national workforce. In regards to the first strategy, Vision 2030 states that education is one of the most critical and basic pillars of social advancement and therefore, vast investment is needed to reform the education system and skill set of the national citizenry (mdps 2008:13). This component of Vision 2030 is also pertinent to the long-term development of Qatar, because as previously discussed in section 7.4.2, the education mismatch and irrelevant skill base of the national workforce has been one of the major barriers to reforming the labour market (Al-Subaiey 2016:4). According to a senior economic advisor, they also noted that it is vital that any new development agenda;

"... addresses the education system and dearth of relevantly skilled manpower...because if the government want to succeed in diversifying into a knowledge based economy...then a relevant education and training is vital..."
[Stephen:24/05/14]

Vision 2030 shares this perspective and has set the mandate to completely overhaul the national education system by transforming it into an internationally renowned, modern and innovative structure that will provide excellent skill advancement, training programs and lifelong learning opportunities to the national citizenry, who can then fulfil their own individual ambitions (mdps 2008:13,14,16). Through reforming the education system and its curriculum, this will also prepare the national citizenry to be productive socio-economic actors in the diversification efforts, because they will have obtained the technical skills and advanced education required by the labour market (mdps 2008:13,14,16). Evidently, as Qatar increasingly becomes an energy-driven economy and diversifies towards being knowledge-based, there will be a shift in the socio-economic role of the national citizenry. Because as recognised in the late rentier model, the state can no longer let oil rent flow freely without any significant input from society in the development process (Gray 2011:31). Thus, through relevantly educating the national citizenry and offering them greater skill development opportunities, this should encourage society to become a key stakeholder in the new development agenda of Qatar, which is in stark contrast to their role in the rentier model (mdps 2008:13,14,16; Gray 2011:22).

Critically, Vision 2030 also recognises that Qatar will eventually run out of its hydrocarbon resources and therefore, to safeguard the country's long-term economic prosperity, the Qatari citizenry will have to be drawn upon (mdps 2008:13). To do so, the Vision seeks to significantly restructure the labour market and make it favourable to the national labour force, who will gradually become accustomed to a new international order that is extremely competitive and knowledge-based (mdps 2008:13). According to a private sector business owner, it is vital that Vision 2030 adopts strategies that create;

'...a motivated and more so, a capable workforce...'

[Thomas:29/08/14]

As a result, the Qatarisation strategy has become more embedded in the governance of the labour market, because according to both Vision 2030 and a consultant to the MoL, this policy will contribute to establishing a motivated and capable workforce, because through the policy's key implementation mechanisms;

'...such as offering them funding and training opportunities, this will be detrimental to the future diversified development trajectory of the country and our people...'

[Ali:15/07/14]

Therefore, the Qatarisation policy will continue to be adopted and its incentives such as certification and training programs that prepare Qataris for professional management roles in the business, health and educational sectors will broaden to be responsive to the requirements of both the society and private sector (mdps 2008:18). This approach, according to the late rentier model, will secure the regime's longevity, because the political elite is appearing to be responsive to the ambitions of the national citizenry (mdps 2008:14,24; Gray 2011:23,30,34,43). Because with the 2011 Arab Spring rooted in the bread and butter issues, such as employment and socio-economic opportunities, then this policy response should help contribute to the meaningful employment of Qatari nationals, especially the youth demographic who are demanding for greater socio-economic opportunities (mdps 2008:13,24; Gray 2011:23,30,34,43).

7.5.1.3 Social Development: A Responsive but Undemocratic Late Rentier Qatari State

Due to the rentier nature of the national political economy, the Qatari society has predominantly held a minimal role in the political arena (Kamrava 2009:419). As noted in section 7.2.3, society are on the margins of the policy formulation process and although they have access to representative apparatus such as workplace committees and unions, they continue to be largely excluded from the political domain and hold little transformative capacity (Kamrava 2009:419). Indeed, as the labour market policies and Vision 2030 seek to transform the socio-economic role of the national citizenry, one could assume that this will have implications on their position within the political arena too. Whilst in the perspective of late rentierism, as states seek to diversify their economic base, it is critical that the political elite be responsive to the basic demands of socio-economic actors and this includes fair political representation (mdps 2008:13; Gray 2011:23,25,34). Equally, late rentierism also argues that there will be no immediate transition towards a democratic structure, but will be more focused on the state acknowledging and suitably responding to the socio-political and economic ambitions of the national citizenry and its different social groups (Gray 2011:25).

When exploring the potential for socio-political reform as part of Vision 2030, it was evident that the Qatari state acknowledges that some form of restructuring was needed, especially as society are increasingly requesting to hold more leverage in the political arena and inform policies that directly influence their own livelihoods, such as the labour market reforms discussed (mdps 2008:3; Gray 2011:25,34). In an account from a governmental advisor, they stated that as Qatar is changing direction away from its oil dependent development model towards being knowledge based and its ambition to be part;

'...of the globalized world...it is necessary to continue to adopt mechanisms for society to have a platform to have their say...'

[Saadi:29/05/14]

Vision 2030 supports this perspective, because it has called upon the government and its agencies to significantly improve their efficiency, transparency and accountability to society (mdps 2008:3). The development agenda also promotes a sound social structure and central to fulfilling this ambition is through the creation of effective public institutions that pursue open dialogue with society and businesses, alongside a strong and active civil society where organisations such as the Qatar Foundation protect the identity and heritage of Qatar (mdps 2008:19,22). Once again, this supports the late rentier argument made in section 7.2.4, whereby the state of Qatar is appeasing the call for democracy by placating society with modestly expanding the political domain with organisations that offer the national citizenry representation but does not threaten the role of the political elite (Gray 2011:23-25; Kamrava 2007:407).

This is the extent Vision 2030 addresses widespread political reform, but it does further expand on the socio-political role of the female demographic group. Due to obtaining a relevant education, pursuing greater career opportunities and actively participating in the Qatari labour market as previously discussed, the female population have evolved into being one of the most critical agents of change in the national political economy (Gray 2013:5; Felder & Vuollo 2008:1). According to a senior consultant to the QF, their increasing socio-political capacity can be attributed to the new development vision because it requires greater participation of the national citizenry and as a result, has;

'...catapulted the need for the female population to be socially and economically active, which has significantly facilitated their political role...where they can either just vote or even run in national elections...'

[Leila:19/06/14]

Whilst in another supporting account from a lawyer, the traditional role of the female demographic group has significantly altered because of their education and socio-economic advancement and are now fully participating in;

'...all aspects of the political economy. They are both voters and candidates in municipal and national elections, have a stronghold in the education system and are continually strengthening their role in the labour market...'

[Amir:25/07/14]

Accordingly, Qatar is deemed as being one of the most advanced Gulf States in terms of offering greater socio-political opportunities to the female population, because since 1998, they have had the

legal right to vote and participate as candidates in both municipal and governmental ministry based elections (Saif, 2009). To assist in their new political role, the government invited political specialists and international scholars to conduct workshops, seminars and lectures with Qatari women to teach them how to be active participants in the voting process as both a voter and candidate (Bahry & Marr, 2005; Baksi, 2016). When elections were held in 1999, there was a relatively strong participation rate of Qatari females, whereby six females ran as candidates and comprised 45 per cent of all voters (Bahry & Marr, 2005). Although no Qatari female candidate was elected, it did represent that their socio-political role was transforming and ever since, they have become a strong force in the Qatari political economy (Saif, 2009). Whilst more recently, in 2015, two women were elected to the central Municipal council, one of which has been elected since 2003 (MiddleEastEye, 2015). Furthermore, through the adoption of Vision 2030, their socio-political role is being expanded further, because they are being encouraged to have a greater role within the political arena by undertaking leadership roles and informing policies, especially those related to business activities and labour market management (mdps 2008:19,22; Baksi, 2016). This once again clearly supports the late rentier argument that although there is no substantial transition towards a democracy, the political elite will be more responsive to the socio-political and economic ambitions of society and in this case, the female demographic group, who are a critical stakeholder in the successful implementation of the new development model (mdps 2008:19; Gray 2013:5).

7.5.2. The Governance of the Late Rentier Qatari Labour Market: What Is Next For the Labour Market Policies?

Despite Qatar adopting one of the GCC's most restrictive sponsorship systems alongside a more flexible 'quality' based Qatarisation program, the national labour market and political economy continues to be significantly underpinned by rentierism (Gray 2011:36). As previously noted, the policies have had limited success due to a range of issues such as the national citizenry's continued culture of oil to rent seeking behaviour from private sector actors and the political elite. Consequently, socio-economic duality and low-productivity continues to characterise Qatar's rentier constructed labour market (Al-Subaiey 2016:3). Equally, by exploring Qatar's Vision 2030, it is evident that the government are actively seeking to transform the national political economy away from its oil dependent development model and into a knowledge-based economy (Al-Subaiey 2016:3). As the Vision promotes issues such as investing into the national education system, advancing the skill base and socio-economic mobility of the national citizenry, especially that of the female demographic group, and drawing upon the private sector and migrant labour force to assist in the national diversification efforts, this brings into question, what is next for the Kafala System and Qatarisation program?

In regards to the Qatarisation policy, as documented throughout this chapter, it has evolved from being the least comprehensive nationalisation strategy and implemented on an ad hoc basis, to being a central regulatory framework that will contribute to transforming Qatar into a late rentier oil-driven knowledge-based economy (Hertog 2014a:21; mdps 2008:27,28). According to an advisor to the MoL, due to its prominent policy status in Vision 2030;

'...it is now one of the most comprehensive strategies...and through the implementation of the quality based Qatarisation policy....where it addresses education, skill transfer and the role of both the labour force and private sector in the development of Qatar.. it will continue to be a central

governance mechanism...and adapted to suit the requirements of the national development agenda and expectations from society...

[Ali:15/07/14]

Therefore, the Qatarisation policy will continue to assist in the diversification efforts by creating private sector employment opportunities to a relevantly skilled and educated national workforce, who will also become key socio-economic agents of change in the Qatari political economy (mdps 2008:27-28). Once again, this clearly supports the late rentier argument that the political elite is starting to think long-term about Qatar's energy driven development path, by adopting strategic policy measures that will actively assist in diversifying the national socio-economic structure whilst re-writing the social contract (Gray 2011:31-34). Of which will alter the socio-economic role of the national citizenry and private sector in the development of the country (Gray 2011:31-34). Indeed, as highlighted throughout this chapter, the Qatarisation initiative has not achieved its set objective of increasing the participation rate of Qatari nationals in the private sector and therefore, it remains to be seen as to whether this policy approach is best suited to assist Qatar diversify towards a late rentier politico-economic formation.

Whilst in the case of Kafala system, which is a socio-politically contentious policy due to it facilitating labour and human rights abuse, there is increasing demand from the international community to abolish the system and this in effect makes it unfeasible for the government to not consider reforming it in some capacity (De Bel-Air, 2014). According to various accounts given from legal and senior economic advisors, reforms to the system are on the agenda, but the question is to what extent and in whose favour? One suggestion was that the Qatari government should become the sponsor for the entire labour migrant population, by creating a centralised agency who are responsible for the recruitment, residency and exit of the migrant worker and therefore, cancelling the individual sponsorship function of the system (Shah, 2006). However, as noted by a senior economic advisor, if Qatar ends;

'...the individual function of the sponsorship system...you get rid of the very foundation of what the Kafala system is and therefore, it becomes an irrelevant policy...'

[Stephen:24/05/14]

To date, although this reform has been considered, there has been no indication from the Qatari government that this measure will be pursued and implemented. This can be attributed to the fact that ceasing the individual sponsorship function would have serious socio-political implications, because as documented in previous sections, the Kafala system is a source of legitimacy and a central component of the rentier bargain between the state and merchant elite. Therefore, as assigned by the late rentier model, to sustain the support from influential socio-economic actors, the government can only remove minor red tape on business activities because revoking the private sector's ability to sponsor migrant workers will jeopardise the political legitimacy of the state (Moore 2004:8,11; Gray 2011:33). This issue is also reflected in the most significant measure that can be taken towards the Kafala System, which would be to completely abolish it, which is fully supported by the international community, especially human rights agencies (Al-Arabiya, 2016). In a further account given by the same senior economic advisor, the Kafala;

"...Should be abolished...and (the state should) implement a more legal and humane policy towards immigration..."

[Stephen:24/05/14]

This call for ending the system is supported by recent events, whereby Qatar formally abolished the Kafala system and replaced it with a new contract based law, which came into effect on 13th December 2016 (BBCNews, 2016a). According to the government, this systematic change in legislation which seeks to govern the entry, residency and exit of the migrant workforce will ensure that throughout the entire migratory process, the labour and human based rights of the migrant worker will be protected and offer them greater flexibility (BBCNews, 2016a). At a superficial glance, one could claim that this policy response from the Qatari government is indicative of the late rentier argument that as the state seek to become more embedded in the global political economy, they need to positively engage with multilateral actors and globally influential governments, of whom, are major critics of the Qatari sponsorship system (Gray 2011:35). For example, the late rentier model draws upon Saudi Arabia, whereby in order for the Kingdom to be an active and valued participant in organisations such as the World Trade Organisation, they must adhere to international conventions surrounding labour based rights (Gray 2011:26;35). This argument can be applied to Qatar too, because in an account given by a legal advisor;

‘...The Kafala needs to reform, not only because it puts workers in vulnerable positions, but it is not a modern system and needs to be updated to be in line with current international labour standards’
[Karen:07/06/14]

Therefore, abolishing the Kafala system and replacing it with another regulatory framework is in Qatar’s interests, especially as they seek to become a globally influential and competitive political economy (mdps 2008:2). However, in closer inspection of the new contract based law, nothing fundamentally has changed because the structural attributes of the Kafala system still very much governs the relationship between the national sponsor and migrant worker. Because looking at the key changes, the legislation stipulates that the two year ban on return is no longer applicable and if the sponsor confiscates the migrant’s passport, they are to be fined up to QR25,000 (Al-Arabiya, 2016). Whilst in the instance where the sponsor is caught employing migrant workers who they did not sponsor into the country and participate in the visa trading process, they are to face up to three years in jail and a fine of QR50,000 (Al-Arabiya 2016). This new legislation, however, has not dealt with the exploitation and abuse the system facilitates, because migrant workers are still required to seek permission from their contracting employer to leave the country, even in abusive employment situations (Al-Arabiya 2016; HumanRightsWatch, 2016). It evident therefore, that despite the Qatari government claiming to have abolished the Kafala system, the current legislation is essentially the same exploitative framework, but rebranded with a different name (BBCNews, 2016a; HumanRightsWatch, 2016). If this is the extent the restrictive governance regime is to be ‘abolished’, then no significant change will be made to the dubious employment practices adopted by private sector actors and more detrimental to Vision 2030, the rentier formulated labour market structure will remain (BBCNews, 2016a; HumanRightsWatch, 2016).

Through exploring the proposed next steps of the labour market policies, it is evident that both governance strategies will continue to have a central role in regulating the Qatari labour market and assist in the national diversification efforts, even if the strategies are under a different policy name as proven by the recent amendments to the sponsorship system. Despite the limited success of these strategies in restructuring the labour market and enabling socio-economic and political actors to continue their rent seeking activities, this clearly exemplifies that although the late rentier state of Qatar is pursuing a new development model, these labour market policies are central in maintaining the ultimate authority and centrality of the state (Gray 2011:26,29,33). The continuation of these policies is vital, therefore, not because of their potential ability in restructuring the economy and

labour market if applied and adhered to correctly, but because they act as a mechanism of political leverage for the ruling elite, who will continue to rewrite and repackage old rentier bargains with society and key economic actors (Gray 2011:26,29,33).

7.6. Conclusion

Over the last two decades, the political economy of Qatar has undergone a significant socio-political and economic transformation that it is now classified as a late rentier state (Gray 2011:25; Gray 2013:1-3). Because there has been a pluralisation within the political and policy domain, whereby there have been representative arenas created, such as workplace committees and the QCCI for the national citizenry and private sector to engage and discuss the policies that regulate the labour market. Semi-governmental organisations such as the Qatar Foundation and other GCC member states such as Saudi Arabia also have an influence in the governance of the labour market and as promulgated by the late rentier model, exemplifies that Qatar is seeking greater regional integration in regards to how they regulate their national socio-economic landscape all the while, assisting the country to become more embedded in the globalised political economy (Gray 2011:19-20,25-26). Indeed, although the Qatari state have sought to modernise their legitimacy by appearing to be responsive to the political demands of socio-economic actors through these apparatus, it has also been evident that the motive underpinning this pluralisation in the political and policy domain is for the ruling elite to maintain their ultimate rule and thus, these weak representative platforms will have limited influence in transforming the political structure towards a democratic regime (Gray 2011:23-25). The late rentier Qatari state also have an active economic policy and development agenda, which is clearly exemplified by the labour market policies and Vision 2030, which seek to restructure the labour market and diversify the economy towards a knowledge-based formation, all of which is the suggested development route of the late rentier model (Gray 2011:21-28). Conversely, despite the adoption of a new development vision and policies that seek to restructure the Qatari labour market, rentierism still fundamentally underpins the socio-economic and political activity of the state, society and private sector and therefore, will impede the transformation of Qatar's political economy over the 21st century (Gray 2011:36).

Chapter Eight

Concluding Discussion

Towards a Late Rentier Labour Market Governance Structure in Saudi Arabia, Kuwait and Qatar

8.1. Introduction

The political economies of Saudi Arabia, Kuwait and Qatar are all undergoing significant socio-political and economic transformations and are no longer the classical oil dependent rentiers of the 20th century, but are now dynamic late rentier political economies of the 21st century (Gray 2011:36). With new ambitious development Visions that seek to end their extreme dependency on oil rents and labour market policies that aspire to alter the role of both the public and private sector and the national and migrant workforce in the diversification efforts, this has altered the politico-economic dynamics of these states and must be accounted for in the contemporary debates on the Arabian Gulf. This thesis has sought to explore the politico-economic transformations taking place in three select case studies through the lens of labour market governance and identifies how each state is situated in the late rentier model. Within this concluding chapter, it seeks to bring together the key late rentier arguments made in the empirical chapters and highlight the similarities and diverging trends between these three cases and how they shed light on the late rentier debates cross-nationally. Whilst in the final section of this chapter, it will offer a concluding narrative on the research process, whereby reflections will be made on the research design, methodological approach and contributions of this study to the contemporary debates on the Arabian Gulf's transforming political economies.

8.2 The Policy Process in the Late Rentier State: A Responsive Regime Underpinned by Continued Neo-Patrimonialism

The semi-democratic state of Kuwait and autocratic states of Saudi Arabia and Qatar have all adopted the oil based development model and thus, rentierism has been a significant dynamic of their political domain over the 20th century (Kamrava 2009:402; Hertog 2014b:17; Montague 2015:7). In the classical rentier state formation, although not completely autonomous from society as originally declared, the political and policy domain was dominated by elite individuals in the patrimonial networks, whilst as society were essentially 'bought off' through the largesse social contract, they were largely absent from the political domain (Ahmed 2010:99). Indeed, with regional socio-political instability, burgeoning unemployment pressures and globalisation exposing society to new virtual platforms of opposition, the late rentier has no choice but to be responsive to different socio-economic actors and this includes formal representation within the political and policy arena (Gray 2011:23). Even in the semi-democratic state of Kuwait, they too need to be responsive and broaden their policy arena even though they have parliamentary politics, which has offered non-political actors somewhat of a representative platform since its creation in 1963 (Ghabra 2014:8). However, the late rentier state can avoid a democratic transition, as long as it can appear to be responsive to different socio-economic actors by pluralising the political domain, through the creation of weak legislatures and organisations that involve them in the policy decision making process on issues that directly impact

on their daily livelihoods, such as employment and welfare (Herb 2009:103; Foley 2010:103-109; Gray 2011:25).

This central late rentier argument has been corroborated by evidence given in the empirical chapters, because in each case study, numerous platforms of representation were highlighted. For example, in Saudi Arabia, society have been able to network with government officials and other Saudi citizens to discuss important issues such as political reform, employment policies, unemployment and women's rights through The National Dialogue Forum (Foley 2010:103,109). In the unique case of Kuwait, society have had access to the election based National Assembly, of which is a valued platform of public representation, because they have been able to elect members of parliament based on their ability to respond to the socio-political and economic requirements of the national citizenry (Ghabra 2014:8). Through parliamentary politics, the state have had to hold some degree of accountability to those they govern and will be questioned on the socio-economic and labour market policies they are pursuing and therefore, society are involved in some capacity in the decision making process (Ghabra 2014:8). Whilst in Qatar, society have been legally permitted to establish workplace committees and trade unions, where they are able to discuss labour based issues with their counterparts in society and express to the government their opinion on the labour market policies implemented (Kamrava 2009:419). As promulgated by the late rentier model, it is evident that there has been a pluralisation of the political domain in each case study country that offers society a platform of representation (Gray 2011:25).

In the late rentier political economy, the model further advocates that for the long-term stability of the country, but more so for the survival of the political regime, the state has to be responsive to particular social units, such as the female and youth demographic (Gray 2011:23-25,34). Supported by evidence from Saudi Arabia and Kuwait, the female demographic was noted as demanding greater political representation. In response, the Saudi state have legally permitted their participation as voters and candidates in municipal council elections, which was directly asserted by the late rentier model as being a classic case of the political elite weakly pluralising the political domain (Gray 2011:23). Because as previously discussed, due to municipalities being a domain of Islamist and conservative movements, the council holds little influence on the national political and policy agenda and thus, assists the Saudi state to appear responsive to females, but fundamentally they continue to have no real substantial political powers and influence on the policies adopted, which is even noted by the late rentier model (Herb 1999:256,259; Gray, 2011:23,25). Conversely, in Kuwait, females have run as candidates for The National Assembly and have been appointed as Ministers in areas such as education, social affairs and labour all of which, exemplify how Kuwaiti women hold a platform where they can inform development and economic policies, such as those implements within the labour market (Krause 2009:9-10; Alzuabi, 2016). The political capacity of Kuwaiti females therefore, goes beyond the late rentier explanation, because instead of the state just appearing to be responsive to the socio-political requirements of the female demographic by broadening weak legislatures, they are instead actively engaged in the national political economy and holds a platform in government (Cohn, 2016).

Indeed, despite progress being made for the female population in regards to their access to political platforms of representation, in each case study explored, they are still under-represented across the political scene, because these countries continue to be influenced by conservative tribal figures and Islamists (Cohn, 2016). This issue was even noted by the late rentier model, where it highlighted that

these states still depend on patronage from the conservative members of society and the religious elite, who often oppose the socio-political and economic advancement of females (Gray 2011:25-28). Therefore, the role of the female demographic will broaden to meet their basic socio-political and economic requirements, but it won't be to the extent that will undermine the strong nexus between the religious and political elite (Gray 2011:25-28).

Another social group of particular concern highlighted by both the late rentier model and interview participants was the youth, who are a potential source of socio-political opposition (Gray 2011:23,25). In Saudi Arabia and Kuwait, it was noted that they are increasingly demanding to inform how their respective countries are governed and have a say on the policies that impact their daily lives and are prepared to take to the streets in protest, as exemplified by the 2011 Arab Spring (Montague 2015:3). For example, the youth in Saudi Arabia were recognised as an important actor that the late rentier state needs to be responsive to, which was also promulgated by Gray (2011:23-25), but yet there continues to be no formal mechanism in place for the Saudi youth to participate in the political or policy domain (Linnemann 2015:8). They do have access to the Hejazi youth forum, where they can devise policy proposals on issues such as employment, of which will then be sent to the relevant government ministries (Montague 2015:2-3). This forum has yet to inform any policy content, but as noted by the late rentier model, as long as the state appears responsive and the youth feel represented in some way, then this will create socio-political stability (Gray 2011:23).

Conversely, in Kuwait, it once again goes beyond the explanation of the late rentier model, because as the youth are already mobilised and directly influencing the political domain and policy agenda of the state, the political elite have no option but to be responsive (Dickinson, 2012). Especially as the youth have created their own platforms, the most notable being the Civil Democratic Movement, which has its own by-laws, a leader and policy proposals which seek to address the pervasive corruption, unfair rent distribution and rent-seeking activity of the political elite, all of which make it to the opposition benches of parliament (Ghabra, 2014). In the case of Kuwait, therefore, the narrative given in this thesis contradicts the late rentier argument that the state need only to acknowledge or appear to be responsive, because clearly in this instance, the youth are a politically mobile and an active force that will make the state accountable and responsive to their socio-political and economic requirements and will do so through their own formal CDM platform or informally through street protests (Diwan, 2014). Indeed, the model was correct in asserting that the state will be responsive by creating legislatures such the Ministry for Youth Affairs, alongside a youth initiative 'Kuwaiti Listens', which brings the youth demographic into the political and policy domain and express their views on issues such as parliamentary politics and policies that impact their daily lives, such as employment and education (Gray 2011:23-25; Diwan, 2014).

Whilst Qatar diverged from Saudi Arabia and Kuwait in the fact that although a middle class has emerged and require socio-political representation, of which has been achieved through the previously noted workplace committees and trade unions, Qatari society are still largely politically apathetic and thus, not greatly involved in the policy domain (Ehteshami & Wright 2007:921; Kamrava 2009:419). This can be attributed to the fact the late rentier Qatari state have acknowledged that in order to maintain their ultimate rule, they need to modernise the base of their legitimacy and have done so, by broadening their rent based socio-political activities by creating exceptionally funded semi-governmental yet semi-private organisations that directly engage with society (Kamrava 2009:407; Gray 2011:23-25). The example drawn upon in this thesis was the Qatar Foundation, which is

involved in informing policies on education and labour market reform strategies (Babar 2013:10). Through the creation of such organisations, this has narrowed the socio-political space which exists between state and society and thus, has impeded the socio-political opposition from wider Qatari society, who view the Qatar Foundation as being a platform of representation (Kamrava 2009:406). Further distinguishing the case of Qatar from Saudi Arabia and Kuwait in regards to the policy formulation process is that they are cautiously opening up to the globalised political economy and as asserted by the late rentier model, this includes greater politico-economic engagement with their regional counterparts (Gray 2011:25). For example, the Qatari state is looking to Saudi Arabia and observing how they regulate their socio-economic affairs and labour market through strategies such as the nationalisation based policy (Babar 2013:3,19-20). In doing so, this was highlighted to be improving Qatar's policy formulation process, because they are drawing upon the implementation experiences of other GCC states and are able to observe what strategies work and those with minimal impact (Babar 2013:19-20).

Through broadening the analysis of the policy process in the late rentier political economies to include the merchant elite, it was evident that they are once again at the forefront of the policy decision-making process, alongside being a socio-economic group that the states need to be responsive to. This was particularly the case for Saudi Arabia and Kuwait, because historically they have held a prominent socio-political and economic role prior to the emergence of rentierism, whilst in Qatar, the merchants essentially exchanged political influence for economic survival and thus, largely disappeared from the political arena (Crystal 1995:9,21; Hertog 2013:32). Indeed, to successfully diversify the economy and restructure the labour market, the policies need to be reflective of the requirements of the various socio-economic actors involved in the governance of the labour market and therefore, the late rentier policy formulation process needs to be informed by more stakeholders (Hertog 2006:262; Gray 2011:23). This was evident in the case of Saudi Arabia, who have expanded their e-governance apparatus, such as the ma'an platform, which enables private sector actors to comment on employment matters and labour market reforms (Ghafour, 2014). Through the resulting follow-up workshops with ministries and business actors, this ensures that the Nitaqat stipulations for example, are critically reviewed before they are applied and become law (Ghafour, 2014). As promulgated by the late rentier model, therefore, the Kingdom's political elite is being more responsive to the business elite by broadening the policy domain and as a result, are now the most represented socio-economic group in the late rentier political economy of Saudi Arabia (Gray 2011:23; Linnemann 2015:12).

Across each case study, the role of the Chamber of Commerce and Industry was also explored, because it has offered a formal representative platform for the merchant elite over the oil development decades and will continue to be an influential domain as they transition further into a late rentier formation. For example, in Saudi Arabia the CCI has been an arena to draft labour based legislation which will then get debated by members of the relevant committees (Montague 2015:28; Csc.org.sa, 2017). Recent achievements include encouraging female entrepreneurship and creating programmes that assist SME's to become socio-economically competitive companies (Hertog 2013:33). Whilst in Kuwait, the CCI has been a stronghold for the business community since its inception in 1959 and through its members establishing deep-rooted neo-patrimonial networks with state officials and influential ministers, the CCI has direct access to the actors who design and implement the labour market policies (Moore 2004:55; Hertog 2014b:13). In the case of Saudi Arabia and Kuwait, therefore, the CCI's as noted by the late rentier model enable the state to avoid formal

democratisation, because the business elite are able to draw upon the Chamber as their formal platform of representation (Gray 2011:23).

Conversely, in Qatar, the role of the business community in the political domain was highlighted to be marginal, because they provide information to the relevant governmental authorities, which act on their behalf in the policy formulation process (Hertog 2014b:12). The wider business community also hold a minority position within the national CCI, because as it is dominated by business representatives selected by the political elite and headed by a member of the ruling elite, then those members who are not strongly embedded in the clientelistic networks often fail to get their opinions represented in the organisation that is there to serve their interests (Hertog 2014b:13). The case of Qatar, therefore, supports the late rentier argument that neo-patrimonial networks still fundamentally underpin the state-merchant interplay and unless the individual businessperson is part of these networks or a national champion, they will continue to have a marginal role in the political economy and strictly controlled in their business endeavours (Luciani 2005:144,160; Bremmer 2010:67,69; Gray 2011:25,32).

This prominent late rentier argument that neo-patrimonial networks still fundamentally underpin the political economies was supported by evidence given in this thesis, especially in the case of the political elite and their interplay with influential families and the merchants (Kamrava 2009:406; Gray 2011:23). In regards to the late rentier Saudi, Kuwaiti and Qatari state, the political power remains in the hands of the royal elite and funnelled down through numerous patronage networks (Gray 2011:25; Linnemann 2015:10). For example, the governmental Ministries have been used as 'Sheikhly empires' because those involved in the governance of the labour markets of these three cases such as the Ministry of Labour and Social Affairs, Ministry of Economy and Planning, Ministry of Interior the Ministry of Foreign Affairs, MGRP and SAGIA are all controlled by individuals of the ruling political elite and loyal supporters of the royal families (Crystal 1999:70-73; Linnemann 2015:10; Montague 2015:8). Through proliferating the Ministries with loyal supporters, this, according to participants across each case study and further supported by the late rentier model, ensures that the ruling elite maintain their political position because their power is buttressed by a broad-base of neo-patrimonial networks and is further maintained by rent distribution and rent seeking activities (Gray 2011:23-25; Babar 2013:7-8).

The neo-patrimonial nature of the late rentier state was further applied to the state-merchant interplay, because in each case, it was highlighted that these networks is how many private sector actors do business and of particular interest for this study, how they circumvent around the labour market policy quotas and implementation strategies (Hertog 2010b:12-13; Gray 2011:24,25). For example, in Saudi Arabia, there are technocrats, gatekeepers and paper pushers of the bureaucracy referred to as a Mucaqqibs, surrounding the political elite who create the labour market policies (Linnemann 2015:11). Through corporations and private sector actors having access to these individuals in the neo-patrimonial network, they are able to acquire large state contracts and have an informal representative who acts on their behalf to put forward opinions on policies such as the nationalisation strategies (Hertog 2010b:9-10; Linnemann 2015:11-12). In the particular case of the Mucaqqibs, they are extremely influential in assisting private sector companies in being issued migrant visas in a speedily manner and crucially, able to brokerage an individual deal on the nationalisation quota they must adhere to (Hertog 2010b:11-13).

These networks are also present in the CCI's and informs the socio-political and economic capacity of the individual merchants and their corporate activity. For example, in Saudi Arabia, although the CCI has provided a formal platform of representation for the wider business community, they are still dominated by large local families and with the government intervening in elections and appointing their own favoured merchants who are loyal to the ruling family, the CCI has been used to bolster the support for the autocratic Saudi state and their policy agenda (Linnemann 2015:11). In the case of Kuwait, this neo-patrimonial state-merchant interplay is even more embedded in the political economy, because the large merchant families who have held close ties with the ruling Al-Sabah family over the centuries continue to dominate the CCI and due to the strong patron-client networks, are the first recipients of large state contracts, business opportunities and hold greater leverage in the policy formulation process (Crystal 1995:2,9,20-21; Smith 1999:54). As previously noted in the case of Qatar, therefore, the CCI's in Saudi Arabia and Kuwait is a formal platform of representation, but unless the merchants are part of the highly coveted neo-patrimonial networks, then the CCI will largely fail to represent the opinions of the wider business class (Hertog 2013:32-33). This also explains as to why lobbying is often piecemeal and sporadic (Hertog 2014b:12-13). For example, in each case study, it was identified that the business community engage in lobbying against corporate taxes, increasing the quotas of their respective nationalisation policy and the potential abolishment of the Kafala System (Moore 2004:55; Hertog 2014b:12-13). However, such defensive activity is often in response to protecting their own individual economic interests but as they continue to be reliant on state largesse, they will oppose reforms, but not to the extent that places them in a precarious socio-economic and political situation which threatens both their position in the neo-patrimonial network and future corporate endeavours (Hertog 2014:13; Kamrava et al, 2016).

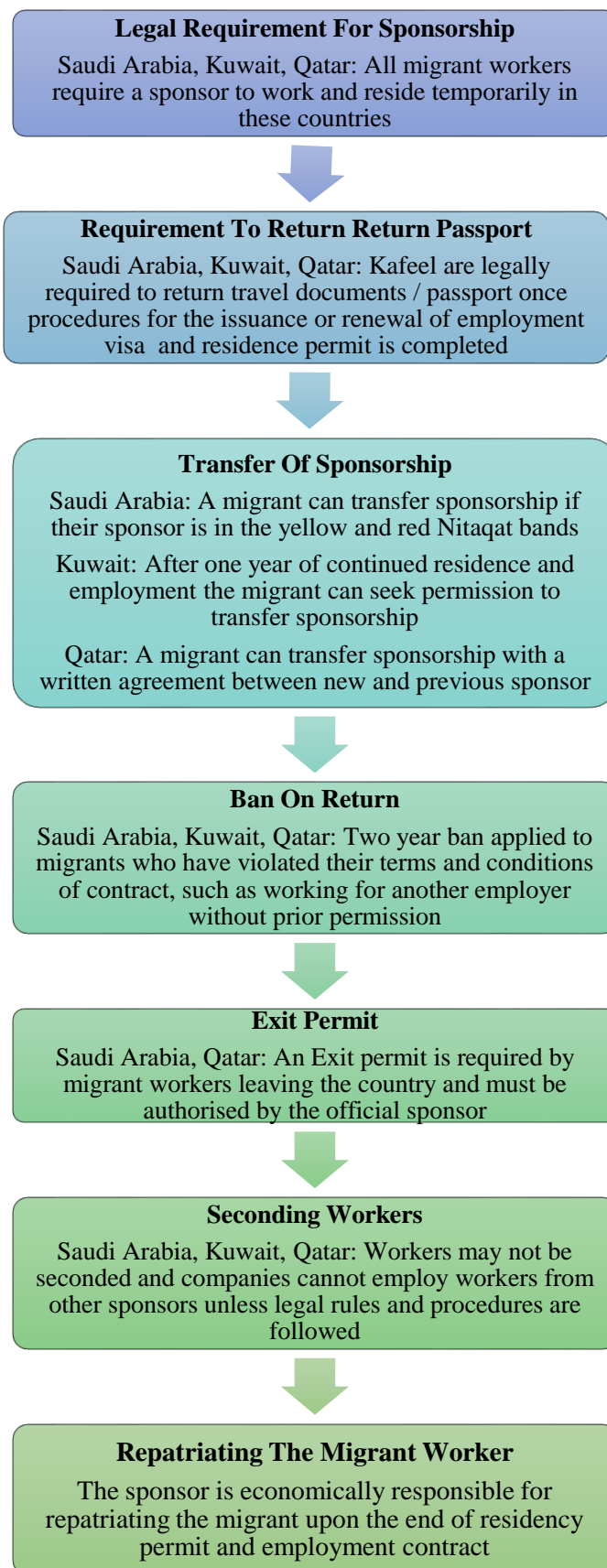
Through exploring the capacity of different actors in the political and policy domain, it has been evident that in the late rentier states of Saudi Arabia, Kuwait and Qatar, the political elite can avoid democratisation, as long as they are responsive to different socio-economic by pluralising the political and policy domain, which was promulgated by Foley (2010:103-109) and Gray (2011:23). Indeed, the extent of their responsiveness differs in each case, for example in Saudi Arabia and Qatar, society are largely content with the creation of The National Dialogue Forum, Qatar Foundation, workplace committees and municipal councils as their representative platforms, of which are classical examples highlighted by the late rentier model (Gray 2011:23-25). Whilst in the case of Kuwait, the state needs to be pro-active and actually be responsive through allowing society a real substantial role in the political domain and this is a result of the historical activist based parliament that makes the late rentier state of Kuwait differ from the rest of the Arabian Gulf (Gray 2011:23-25). Indeed, although these states are broadening the policy and political domain, as declared by the late rentier model, they all continue to be fundamentally underpinned by rentierism because neo-patrimonial networks and rent seeking based activities still determine the influence and capacity of the individual in informing the labour market reforms adopted (Hertog 2010b:12-13; Gray 2011:24-25)

8.3. The Governance of the Late Rentier GCC Labour Markets: An Active Economic Policy and Development Agenda with Regional Similarities and National Variations

In the rudimentary rentier state taxonomy, the political and policy domain was typically introverted and isolationist, especially in regards to how it responded to external forces such as globalisation and regional socio-political and economic events (Gray 2011:25). In the particular case of the Arabian Gulf states, they were also initially slow and inadequate in how they responded to social pressures and the development needs of their own political economies (Gray 2011:25). Because as noted by Luciani

(1990:76) they did not need a substantial economic policy, just a distributive based regime and in the case of the governance of the labour market, this transpired into readily available public sector employment for the national citizenry. However, for the socio-political and economic prosperity of the GCC states over the 21st century, they need to think long term and adopt strategies that place their economy in a better footing and less dependent on the increasingly volatile oil market (Gray 2011:34). Equally critical is how the states seek to address the burgeoning unemployment issue and over-reliance on the public sector as the employer as first and last resort of the national citizenry, whilst creating genuine employment for social groups who are a potential source of political opposition (Gray 2011:34).

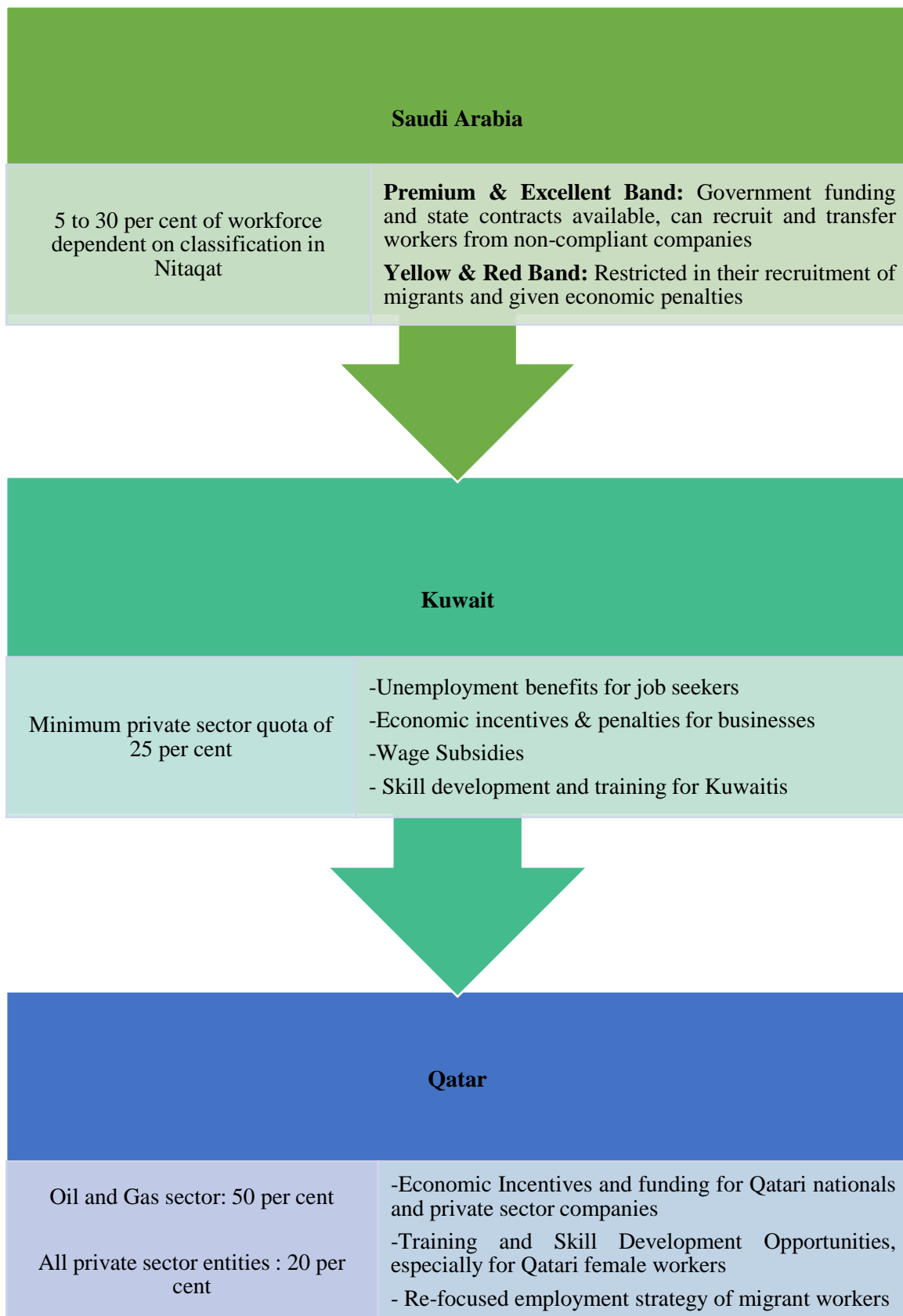
Through exploring the transforming political economies of Saudi Arabia, Kuwait and Qatar, it is evident that these late rentier states have an economic policy and development agenda and this includes an active approach in regulating the labour market (Gray 2011:28). The Nationalisation strategies and Kafala system support this declaration of the late rentier model, alongside supporting another tenet which is that they are cautiously opening up to the globalisation process and this includes closer politico-economic integration with their GCC counterparts (Gray 2011:25). According to the model, this closer integration is not only based in the economic system, but also within the policy domain, whereby regionally advocated labour market reforms are adopted (Gray 2011:26). A primary example of this closer integration is through the longstanding adoption of the Kafala System, which has regulated the supply and demand of the migrant workforce and as represented in Fig.17, it is apparent that in each case, there is a fundamental framework underpinning the system.



(Fig.17: A Summary of the Kafala System in Saudi Arabia, Kuwait and Qatar) (Information Source: Zahra 2015:1-20)

These structural stipulations identified in Fig.17 and the central function of the sponsorship system can be attributed to the fact that the Kafala is rooted in the region's cultural Bedouin principle surrounding hospitality, whereby the kafeel (guardian) was obligated to offer their guests temporary shelter, food and protection (Zahra 2015:1-2). Whilst since the beginning of the oil era, the Kafala system in each case study has advanced and now serves as a socio-economic contract, whereby the migrant worker is required to be invited to the GCC state to participate in the labour market and therefore, the system has delegated some authoritative control to the national citizenry, of whom, is considered as an intermediary in the governance of the labour market and migrant workforce (Shah 2008:5-9). Because although centrally administrated through the Ministry of Interior and Ministry of Labour and Social Affairs, who are responsible for the issuance of the visa and residency permits, it is the kafeel who has complete socio-economic and legal control of the migrant worker, whilst also being responsible for their visa status and mobility during their contracted time of employment and residency in the GCC member state (Shah 2008:5-9). Through enforced restrictions on migrants socio-economic rights and mobility, this reinforces the shared goal of the GCC states of making migrant labour short term transient contractual workers and thus, further supports the late rentier argument that the region is seeking greater integration in their policy response to significant socio-political issues such as labour migration (Gray 2011:26; Zahra 2015:1-2).

A more recent example of the late rentier state seeking greater integration in how the Arabian Gulf regulate the labour market is through the nationalisation based strategies, which seek to increase the presence of national manpower in the private sector and thus, reduce the extreme dependency on public sector employment and the transient migrant labour force. Unlike the Kafala System, however, although the central objective of the nationalisation policies are the same, they have different goals and implementation mechanisms to suit the national political economies and labour market requirements. As presented in Fig.18, it is evident that Saudi Arabia has a more advanced nationalisation strategy that is focused more on regulating the private sector companies through quantifiable goals and applying both economic incentives and punitive measures. Whilst Kuwait and Qatar have a manpower replacement strategy which is more ad hoc and thus, explains as to why there is a general blanket quota. This approach from Kuwait and Qatar can be attributed to the fact that they are high rent countries and have more oil revenues available to fund their immediate development and therefore, there is less urgency in restructuring their labour markets in comparison to Saudi Arabia (Shah 2008:5-12). Indeed, it is evident that they are still attempting to restructure the rentier labour market by focusing their nationalisation efforts on encouraging the skill development and human capital advancement of the national citizenry. Crucially, the Kuwaiti state also recognise that the culture of oil towards private sector employment continues and therefore, have responded by adopting measures such as wage gap reduction as a central component of their nationalisation strategy. It is evident therefore, that the late rentier states of Saudi Arabia, Kuwait and Qatar are developing a sophisticated set of economic and labour market policies which are underpinned by predetermined socio-economic goals, with the overriding objective of ridding the labour market of its rentier formation and transform it towards a more socio-economically productive footing (Gray 2011:28).



(Fig.18: Overview of Main Goals and Implementation Mechanisms of the Current Nationalisation Strategies) (Information Source: mdps.gov.qa, 2008; Shah 2008:8-12; Saudi Hollandi Capital 2012:1-3; Hertog 2014a:18-20)

8.4. The Policies in Practice: Transforming the Labour Market Towards the Late Rentier

The late rentier states of Saudi Arabia, Kuwait and Qatar certainly have an active economic agenda and this includes policies that seek to rid the labour market of its rentier constructed socio-economic segmentation and transform the vital economic domain towards a diversified and socio-economically sustainable footing (Gray 2011:28). As previously discussed, the overriding objective of the labour market reforms is to reduce the dominance of the migrant workforce in the national economies and replace them with national manpower, especially in the private sector. Through exploring their ramifications to date in restructuring the labour markets of the case study countries, it was evident that despite modest success in Saudi Arabia, the labour markets in each case continue to be distorted and deeply segmented along socio-economic lines.

In regards to the migrant population, who have been strictly regulated by the Kafala, the overriding objective has been to reduce their socio-economic mobility and presence in the labour market, especially the private sector. In Saudi Arabia, there has been a modest decline, whereby their role in the private sector reduced from 89 per cent in 2011 to 85.6 per cent in 2014 (Alsheikh 2015:8; Ministry of Labour 2013; De Bel-Air 2014:3). Whilst in Kuwait, they have increased in the private sector because in 2013 they comprised 93.4 per cent of the sectors labour force and by 2015, they had increased to 96 per cent (De Bel-Air 2013:5; IMF 2014:11). In Qatar, their presence is even more extreme, because in 1997 they comprised 71.7 per cent of the population, of which had increased to 85.7 per cent in 2010 and in the present day, comprise 99 per cent of the private sector workforce and 60.8 per cent of the public sector (De-Bel Air 2014:6,7; GLMM, 2017a).

Whilst in regards to the national workforce, who have been regulated via the nationalisation policy, the overriding objective has been to increase their presence in the private sector and reduce their reliance on public sector employment. In Saudi Arabia, where there is a private sector target quota range of 5 to 30 per cent, there has been slight improvement because national manpower employed in the private sector has increased from 10.4 per cent in 2011 to 14.4 per cent by the end of 2014 (Ministry of Labour, 2013; Alsheikh 2015:3). In Kuwait, there has been a blanket quota of 25 per cent applied to the private sector, but with public sector employment increasing from 78 per cent in 2012 to 87 per cent by the end of 2015, this has contributed to only 90,000 Kuwaiti nationals to be employed in the private sector in the present day (IMF 2014:11; Gulseven 2015:14; The Economist, 2016). Whilst in Qatar, despite a blanket quota of 20 per cent applied to the private sector, only 1 per cent of nationals are currently employed in the private economic domain (De-Bel Air 2014:6,7; GLMM, 2017a). Evidently, although Saudi Arabia has had some modest success, their labour markets continue to be deeply socio-economically segmented and therefore, the rentier constructed formation remains (Ruhs, 2012). When exploring as to why, it was apparent that rentierism continues to be as strong a dynamic as it has ever been in these political economies and thus, this thesis supports the late rentier argument that the biggest barrier to restructuring the socio-political and economic landscape of Saudi Arabia, Kuwait and Qatar over the 21st century is the legacy of the rentier development model (Gray 2011:37). Because as will be discussed they all face the same issues and challenges which are impeding the effective implementation of the labour market policies.

The most divisive ramification of rentierism and the biggest barrier to the effective governance of the labour market in each case study is the education mismatch and the continued culture of oil (De Bel-Air 2015:19). Over the oil development decades, the national population were not required to productively contribute to the development process and through guaranteed public sector employment which was a central component of the largesse social contract, it was not essential that national

manpower received and acquired a relevant education and skill base (Gulseven 2015:14). Consequently, in the present day, more than 80 per cent of Saudi graduates, 80 per cent of Kuwaiti graduates and 85 per cent of Qatari graduates have undertaken social sciences, humanities and religious based studies, all of which are largely disconnected from the requirements of the private sector (De Bel-Air 2015:19; Gulseven 2015:14).

This education mismatch in each case was identified to be due to the continued culture of oil of the rentier citizen, whereby there is still a deep sense of entitlement amongst the national populations that high status white-collar public sector jobs is a birth right and thus, low-status private sector employment and manual labour is reserved for migrant manpower (Mahdi 2000:25; Gulseven 2015:14). In the case of Kuwait, this has resulted in more than 58 per cent of the current national unemployed to refuse employment in the private sector and thus, they will wait for an opportunity to arise in the public sector (Jabr, 2017). Whilst in the high rent state of Qatar, there continues to be no urgent demand for the national workforce to productively participate in the private sector in comparison to Saudi Arabia and Kuwait and therefore, guaranteed life-long public sector employment still continues and remains to be a birth right of the rentier citizen (mdps.gov.qa, 2008; Ruhs, 2012). As promulgated by the late rentier model therefore, the tyranny of rentierism remains and this is exemplified by the continued oil-induced high expectations of the national citizenry, who are still suffering from the culture of oil (Gray 2011:36; The Economist, 2016).

Another fundamental area where rentierism prevails is the dubious employment practices adopted by different socio-economic actors in order to circumvent the quota system. The most prolific is the issue of phantom employment, whereby private sector companies employ national workers and place them on the payroll, but they do not productively contribute to the company's activities (Hertog 2014a:6; The Economist, 2016). In Saudi Arabia, there are hundreds of thousands of 'ghost workers' whereby companies offer low-wage jobs to Saudis, who receive the salary but do not undertake the role and as a result, assist the company in achieving their Nitaqat quote, who then reap the rewards for meeting their quota (De Bel-Air 2015:4-9; The Economist, 2016). Whilst in Kuwait, tens of thousands of nationals are part of this dubious practice, whereby companies keep desk space available and create fake salary payrolls in preparation for random government inspections and in doing so, they are able to meet their quota and receive the wage subsidy which is a central component of the Kuwaitisation strategy (Hertog 2014a:6). These practices highlighted in Saudi Arabia and Kuwait represent that nationals essentially get paid for their status as being a natural citizen of their country and this not only continues the privileges associated to being a rentier citizen, who are employed based on their ethnicity and not their ability and skill set, but it also undermines the real prospect of the private sector creating genuine employment opportunities for the national citizenry (Shediac & Samman 2010:7,15; Gulseven 2015:15). Therefore, the quota system applied across these states in order to nationalise the labour market is a classic example of poor policymaking, because rentierism has fundamentally distorted the purpose of this quota based strategy and thus, supports the late rentier argument that rentierism will be the biggest barrier to the socio-economic diversification efforts advocated by their respective development Visions (Gray 2011:36; The Economist, 2016).

Further exacerbating the issue of phantom employment is the interlinked challenge of visa trading and ghost companies, whereby private sector actors create fictitious companies so they can continue to informally recruit migrant workers, without negatively impacting their nationalisation quota of their officially registered corporation (De Bel-Air 2015:4-9). This issue was particularly raised in Saudi Arabia and Qatar, where it has been estimated that 80 per cent of Saudi Arabia's undocumented migrant workers have been employed on traded visas, whilst in Qatar, in the first four months of 2013

there were more than 800 cases of visa trading reported to the Ministry of Interior and this trend continues in the present day (Arab News 2013; Walker, 2014; Kemp, 2015). Not only do fictitious companies and visa trading further distort the labour market, but it impedes the effective regulation of the private sector because through drawing upon undocumented migrant labour, this provides companies an informal labour source which enables them to ‘officially’ meet their quota, but in practice are in fact circumventing their nationalisation obligations (Walker, 2014; De Bel-Air 2015:4-9). Indeed, as highlighted in both cases, these practices are so prevalent because they are a central component of rentierism that has served as a source of legitimacy for the ruling elite over the oil development decades (Gray 2011:23; ArabNews, 2013). Because as noted in the case of Saudi Arabia, even the political elite are involved in the visa trade and due to it being a prominent rent seeking apparatus which is extremely profitable, then these illegal practices will continue because in the late rentier state, rent seeking activities will be a vital source of legitimacy for the state (Gray 2011:23;29; De Bel-Air 2015:4-9). Thus in this instance, although Saudi Arabia and Qatar are publically advocating policies that seek to restructure the labour market, behind closed doors, there is a neo-rentierism strategy occurring, whereby the Kafala system and its associated dubious malpractices such as visa trading are central to rent seeking and therefore, will be often overlooked by the state to ensure that they continue to have the support from the wider business elite who participate in such practices (Gray 2011:29)

Despite the implementation of policies that seek to restructure the labour market away from its socio-economic segmentation, it is evident that rentierism continues to underpin the nexus between the political elite, business community and society and will impede the diversification efforts advocated in their new development visions (Gray 2011:33,36). This argument is further supported by one final barrier highlighted in the cases of Saudi Arabia and Qatar, which is that of the rentier reaction during times of socio-political instability. The most notable example where old oil rentier bargains are drawn upon to curtail socio-political opposition is the 2011 Arab Spring, where segments of society took to the streets to oppose their persistent socio-political and economic marginalisation. In the case of Saudi Arabia, which Gray (2011:36) noted as being a prime example where rentierism continues to dominate the political economy, there was escalating unrest in Bahrain and with the potential risk that it would spread to the Kingdom’s nearby Shia community, the political elite rapidly responded by rolling out old traditional rentier largesse (De Bel-Air 2014:4). The most important of which surrounded a pay rise and greater public sector employment opportunities available to the national citizenry (Hertog 2014a:15,16). Whilst in Qatar, this further supports the argument of continued old rentier bargains being crucial to the legitimacy of the late rentier state, because although the country was largely untouched by the regional socio-political uprisings, the government still expanded their rentier based social contract by increasing salaries by 60 per cent and creating more public sector jobs for Qatari nationals (Gray 2013:3). This rentier reaction from Saudi Arabia and Qatar exemplifies that in times of instability, the late rentier states will seek to diminish the threat of further socio-political unrest by adopting oil rentier bargains and politically motivated measures that are in stark contrast to their development agenda and central objective of the labour market policies, especially that of the nationalisation strategies (Gray 2013:3).

Through exploring the ramifications of the policies on the labour market structure in Saudi Arabia, Kuwait and Qatar, it is evident that despite different goals and implementation strategies, the rentier constructed socio-economic segmentation continues across all three political economies (Ruhs, 2012). In exploring as to why they have had limited success in restructuring the labour markets, numerous barriers to implementation have been highlighted and include the continued culture of oil, skill and education mismatch of the rentier citizen, to visa trading and phantom employment adopted by private

sector actors, to the political elite's rentier reaction to regional socio-political tensions. All of which support a central argument of this thesis and the late rentier model, which is that although these states are taking on new socio-economic dynamics, they are still fundamentally underpinned by rentierism (Gray 2011:36). Therefore, the late rentier states of Saudi Arabia, Kuwait and Qatar can adopt policies with pre-determined goals and objectives, but with evidence derived from the governance of the labour market, it is clear that although they will be implemented to some degree, rentierism continues to inform the state-society nexus, of which ensures the durability of the region's political regimes over the 21st century (Gray 2011:26). Whilst when regional socio-political instability ensues, the political elite and society will draw upon their old rentier bargains to maintain the status quo (Gray 2011:33,36).

8.5. Transitioning Towards the Late Rentier Political Economy: The Adoption of a New Economic Policy and Development Agenda

The Kingdom of Saudi Arabia, Kuwait and Qatar have moved beyond the classical explanation of the rentier state, whereby they did not need an economic agenda and development model beyond oil rent distribution (Luciani 1990:76). Because in the present day, they each have an ambitious development agenda with strategies and policies that seek to effectively regulate their diversification efforts towards a more socio-economically sustainable footing and therefore, over the 21st century will no longer be overwhelmingly dependent on the volatile oil based economy (Gray 2011:28). Within Saudi Arabia's Vision 2030, Kuwait's Vision 2035, also referred to as New Kuwait, and Qatar's Vision 2030, they all declare that they are building a better future for their national citizenry through offering greater employment opportunities, especially in the private sector, creating an economy where they can fulfil their own individual ambitions, attract international investments, create a knowledge based economy, increase the capacity and role of the private sector in the national development process, all the while opening up the political domain so socio-economic actors can have access to representative platforms (mdps 2008:11; Vision2030 2016:6-13; NewKuwait, 2017).

According to the late rentier model, the Visions represent that these states have evolved beyond the minimal management of their oil based political economy, towards a more progressive approach, whereby they are actively and strategically seeking to inform how their post-oil dependent socio-economic landscape is characterised (Gray 2011:28). The model also asserts that as the GCC states are adopting different development Visions, then the late rentier political economy can no longer be characterised with a single development model as their oil dependent predecessors could (Gray 2011:29-30). Although this is the case, whereby they are all prioritising different socio-political and economic strategies, in the instance of the governance of the labour market and its socio-economic actors, there is more similarity than the late rentier model implies. Because as presented in the empirical chapters and will be discussed in this concluding section, they have adopted similar strategies that will assist their economic diversification process, such as implementing the same labour market policies and creating a knowledge based economy. The only differences are the goals and implementation mechanisms that are applied to suit the national politico-economic context. Moreover, in the case of the labour market policies, there is even greater integration in the region in how they regulate the national labour markets and its workforce and therefore, the proposed next steps of the Kafala and Nationalisation based policies are also the same for each case study country.

A primary area of exploration throughout this thesis regarding the late rentier political economy and its respective development Visions was the issue of political and policy participation. Because in the

perspective of late rentierism, as these states seek to diversify their economic model, this will alter the socio-economic role of the rentier citizen and merchants and therefore, it will be essential that the political elite are somewhat responsive to the changing politico-economic dynamics (Gray 2011:23-25). In this case, it encompasses some form of political representation and influence in the policy decision-making process (Gray 2011:23-25). As previously discussed, the late rentier states of Saudi Arabia, Kuwait and Qatar have been responsive to the political demands of society to some degree. With Kuwait being the most reactive by setting up Ministries which serve the interests of socio-politically mobile groups such as the youth demographic who have directly opposed the state, whilst Saudi Arabia and Qatar have pluralised the political domain through creating legislatures such as The National Dialogue Forum, Workplace committees and Municipal Council, which offer a representative platform but does not have a significant remit on the political and policy agenda (Gray 2011:23-25). In support of the late rentier model, therefore, there has been no transition towards a democratic regime in these political economies, but the political elite are more responsive to the socio-political demands of the society they govern (Gray 2011:25). With situating the analysis of the political developments within the context of the respective Visions, this thesis was also able to explore how these states view their evolving political structure and how different actors are involved in the governance of socio-economic issues over the 21st century.

In each Vision, they all declared that to build a modern and ambitious nation, some form of political restructuring was required and particularly focused on making the state more efficient, transparent and accountable to those they govern (mdps 2008:3; Vision2030 2016:72; NewKuwait, 2017). This was evident in each case, because the role of society and private sector actors in the political domain was raised, whereby it was asserted that the state would be more responsive by consulting with these actors on important policy matters, as promulgated by the late rentier model (mdps 2008:19, 22; Gray 2011:22-25; Vision2030 2016: 64-65,72; NewKuwait, 2017). In Saudi Arabia and Kuwait, for example, e-government portals and online services will be further developed, such as the previously discussed Ma'an platform and have been proposed as a solution which will boost transparency and open up dialogue between different Ministries and socio-economic actors (Vision2030 2016:65; NewKuwait, 2017). According to these states, this strategy enables society and businesses to have their say on political and policy matters and is regarded to be sufficient progress in the state-society interplay in the late rentier Saudi and Kuwaiti political economy (National Vision 2030:65; NewKuwait, 2017). Whilst in Qatar, they are seeking to open up dialogue with society and the business community through strengthening the role of civil society organisations, such as the Qatar Foundation (mdps 2008:19-22). In support of the late rentier model, therefore, the political elite of Saudi Arabia, Kuwait and Qatar are being more responsive to the socio-political ambitions of different socio-economic actors, by modestly expanding the policy domain so they can have access to some form of representation and express their opinions on policy measures such as labour market governance strategies (mdps 2008:19,22; Gray 2011:22-25; Gray 2013:5; Vision2030 2016:64-65).

Indeed, despite the political domain broadening so different socio-economic actors can have a platform of representation, there continues to be no significant transition towards a democratic regime, as promulgated by the late rentier model and supported by evidence given throughout this thesis (Gray 2011:22-25). This analysis is further supported by evidence given in the particular case of Saudi Arabia and Kuwait, because in their Visions, they highlight that although the economies will diversify, the state will continue to maintain its political rule, but will be responsive and more effective in meeting the socio-economic challenges their political economies are facing by internally restructuring the governmental regime (NewKuwait, 2017; Vision2030 2016:64). For example, in Saudi Arabia, agile public organisations will be created and the Council of Economic and

Development Affairs will replace supreme councils in order to create a more robust internal administration, which will make efficient evidence-based policies that are successfully implemented (Vision2030 2016:64-65). Whilst in Kuwait, by 2035, there is particular focus on restructuring the internal administrative framework of the Ministry of Social Affairs, with the objective being that the political elite can be more responsive to the society they govern (NewKuwait, 2017). Evidently, democratisation is absent from the new development agenda of these states but as promulgated by the late rentier model, as long as they can be responsive to socio-economic actors and involve them in some capacity in important policy areas, then this should maintain socio-political stability and the ultimate rule of the political elite in the near future (Gray 2011:25; Vision2030 2016:64-65; NewKuwait, 2017).

The states of the Arabian Gulf have also declared that to guarantee their socio-economic prosperity, but more so for their long-term survival, they will need to diversify their economic base (mdps 2008:11; Vision2030 2016:6-13; NewKuwait, 2017; Sophia, 2017). A central feature of the late rentier state, therefore, is how these states seek to reorient their economies and transform from being oil dependent to being oil driven (Gray 2011:30-31). As promulgated by the late rentier model, a knowledge-based economy has been advocated to be a suitable, strong and sustainable solution that will take these oil dependent economies of the 20th century into a more diversified and thriving economy of the 21st century (mdps 2008:13,24; Gray 2011:23,30-34; Vision 2030:37-40; NewKuwait, 2017). In Saudi Arabia, Kuwait and Qatar, they support this narrative promulgated by Gray (2011), because they have all adopted the knowledge based economy as their alternative development model and have implemented measures that will ensure that they become an internationally competitive centre for scientific and technological research, alongside being home to a relevantly skilled and educated national manpower who contribute to the advancement of the private sector (mdps 2008:13,24; Gray 2011:23,30,34;43; Vision2030 2016:41-43; NewKuwait, 2017).

A fundamental component of successfully transforming into an oil-driven knowledge based economy according to the late rentier model, is how the states invest in advancing the education and skill base of the national manpower (Gray 2011:23,30,34). In Saudi Arabia and Kuwait, the state is particularly focused on encouraging the national citizenry to actively pursue a relevant education that prepares them for the private sector labour market and assists them into relevant employment, by offering them access to vocational training and skill development programs (Vision2030 2016:37-40; NewKuwait, 2017). Through creating a national manpower who are relevantly educated and skilled, this according to the late rentier model and respective Visions should also make them more economically productive and therefore, leading actors in Saudi Arabia's and Kuwait's development over the 21st century (Gray 2011:23,30,34; Vision2030 2016:69; NewKuwait, 2017). Whilst in Qatar, they are focusing on creating a world-class education system, because one of the most basic pillars in creating a socio-economically advanced population is through offering a relevant curriculum and skill programs which are in line with the private sector and wider economic diversification efforts and therefore, will result in a capable national workforce (mdps 2008:13; Al-Subaiey 2016:4).

The second crucial area underpinning a successful oil-driven knowledge based economy asserted by the late rentier model is how the governments seek to situate themselves in the global knowledge networks (Gray 2011:23,30-34). In each case explored, they have all adopted the same strategy, whereby they are focusing on creating world leading education and scientific institutions which specialize in conducting internationally renowned research and produce socio-economic knowledge that will assist Saudi Arabia, Kuwait and Qatar to successfully diversify into a productivity-led economy (mdps 2008:13-16; Gray 2011:30-34; Vision2030 2016:41-43; NewKuwait, 2017). For

example, Saudi Arabia have set the mandate to have five universities rank in the global top 200 higher education institutions, whilst Kuwait are focusing on distributing three globally revered research projects and host workshops on innovative research and technological patents on an annual basis (Vision2030 2016:40; NewKuwait, 2017). Conversely, in Qatar, although they are seeking to construct an internationally renowned education system and research profile, they are focusing their knowledge-based mandate on creating modern and innovative education centres that provide excellent training, lifelong learning opportunities and a relevant education to the national citizenry (mdps 2008:13-16). Evidently, Saudi Arabia and Kuwait are seeking to engage more in international knowledge transfer through conducting and disseminating innovative research, whilst Qatar are basing their global outreach by heavily investing into the national knowledge base and education system, all of which are asserted by the late rentier model to be conducive in transforming into a knowledge-based economy (mdps 2008:11; Gray 2011:28-34; Vision2030 2016:6-13; NewKuwait, 2017).

The final area of exploration regarding the development Visions surrounded the issue of economic diversification and how the labour market and its socio-economic actors are situated within the new oil-driven economy. In each case, creating a vibrant and diversified national economy was declared as being crucial for their long-term prosperity, because it will guarantee their economic survival during the era of constant global oil price volatility, whilst safeguarding the welfare of the national citizenry (mdps 2008:24). In the case of Qatar, their strategy is to invest and support the private sector to become the engine of economic reform and through encouraging entrepreneurialism, will assist Qatar in transforming away from its oil rent dependency into being oil driven, as promulgated by the late rentier model (mdps 2008:24; Gray 2011:26-27). Indeed, due to the political nature of the hydrocarbon sector, the Vision continues to restrict non-state actors to participate in the oil and gas industries, alongside manufacturing, all of which are reserved for the political elite (mdps 2008:26-27; Gray 2011:26-27). This strategy exemplifies how the late rentier Qatari state is seeking to economically diversify, by creating entrepreneurial and private sector opportunities for the wealthy elite and emerging middle class in sectors such as investment and international trade, whilst the state are able to maintain their politico-economic position and legitimacy because they continue to be the guardian of the country's oil rents (mdps 2008:26-27; Gray 2011:8,26-27). This supports the late rentier argument that the state will continue to be the chief economic actor in the entrepreneurial state capitalist structure, because although the private sector is encouraged to productively participate in the economy, they will still be a subservient actor in comparison to the state who will continue to control the most valuable and politically stabilising sectors such as the oil industry and large manufacturing firms (Gray 2011:29)

Whilst in Kuwait, they share Qatar's ambition of diversifying the economy through transforming the role of the private sector, but are focused on attracting FDI and becoming an active member of the global political economy as their engine of reform (NewKuwait, 2017). For example, by 2035, they aspire to attract 300 per cent more FDI and approximately KD400 million from global corporations, of which, will then be invested in expanding their knowledge based economy and technological advancement (NewKuwait, 2017). This strategy, according to the late rentier model, will prove beneficial for Kuwait's future socio-economic prosperity because through greater integration in the world economy, they will be able to diversify away from their extreme oil dependency and successfully transform into a regional and international hub of business (Gray 2011:26-27). Attracting FDI is also on the agenda of Saudi Arabia's late rentier development model, where they are seeking to increase investments from 3.8 per cent to 5.7 per cent of their GDP, alongside increasing the private sectors contribution to GDP from 40 per cent to 65 per cent (Vision2030 2016:53,61). Central in

achieving these economic goals of Kuwait and Saudi Arabia, therefore, surrounds how they seek to create a thriving private sector that is capable of being the vehicle of economic growth (Vision2030 2016:53,61; NewKuwait, 2017). According to the late rentier model, this answer lies in the focus of this thesis, which is the governance of the labour market, because through regulating the economic domain and its different socio-economic actors such as the labour force and private sector companies, then this will lay the foundation for these GCC states to create a strong and vibrant oil-driven economy of the 21st century (mdps 2008:24-25; Gray 2011:28; Vision2030 2016:40; NewKuwait, 2017).

In the late rentier states of Saudi Arabia, Kuwait and Qatar, their economic agenda needs to adopt policies that are effectively regulating their national socio-economic affairs but also strategies that rid their labour markets and its actors of their rentier dynamics and activities (Gray 2011:28; Hertog 2014a:18). As discussed throughout this thesis, the Qatarisation, Kuwaitisation and Saudisation based initiative of the Nitaqat seeks to contribute to this effort, by restructuring the labour market towards a more sustainable socio-economic footing, whereby the national population are increasingly employed in the private sector and thus, reduce the role of the public sector and migrant workforce in the diversification efforts (Gray 2011:28,34). Accordingly, in each case study, there was a shared consensus that the nationalisation strategy will continue and be a vital policy of the late rentier state.

For example, in Saudi Arabia, which has evidently been the most proactive in developing the nationalisation strategy, the Nitaqat has continually evolved to protect the socio-economic role of the national manpower (Deloitte 2016:26). As a result, future strategies include applying stricter penalties for non-adhering companies, alongside placing greater responsibility on private sector actors to train their national workforce (Deloitte 2016:26; The National, 2017). A weighted Nitaqat was also proposed and is determined by other factors such as the salaries of the Saudi nationals, the numbers of Saudi female workers and number of senior roles given to Saudis within the company (Deloitte 2016:26). The Kuwaitisation strategy has also evolved into an important labour market governance strategy, but the political elite have recognised that with Kuwait's demographic structure and economic requirements, it is impossible to completely nationalise all jobs and thus, the policy is now focusing on replacing 80,000 migrant workers, especially in administration positions, with Kuwaiti nationals (Al-Seyassah, 2017). The central blanket quota of 25 per cent has also been reconsidered, because it has been proposed that a more suitable approach is that over the next decade, the private sector should be nationalised by ten per cent on an annual basis, alongside training 13,000 nationals inclusive of job seekers, employed nationals and students (Al-Seyassah, 2017). Whilst the Qatarisation strategy, once implemented on an ad hoc basis, has now evolved into being a central policy that will shape the late rentier knowledge-based economy of Qatar, because as the policy focuses on creating a relevantly skilled and educated national labour force, the current strategy will continue and be adapted to meet the emerging socio-political and economic requirements of the country (mdps 2008:27-28). Evidently, the carrot and stick nationalisation based strategy continues to be a prominent policy response to the rentier constructed labour market distortions throughout these three case study countries, of which according to the late rentier model, represents that these states are thinking about their long-term socio-political and economic prosperity (Gray 2011:31-34).

Whilst in regards to the internationally opposed Kafala system, there was a consensus across each country that reform is on the agenda, but the question remains as to what extent. The first proposed reform raised in each case was to make the system centrally administrated, whereby the national government create an agency who are responsible for the migrants recruitment, residency and exit (Hertog 2012:28; Deloitte 2016:26). This strategy would essentially eliminate the individual

sponsorship function that is central to the current Kafala System and thus, the private sector employer would no longer be responsible for the socio-economic mobility and residency of their migrant workforce (Hertog 2014a:18). In Saudi Arabia and Kuwait, this strategy was also recognised to assist the state in monitoring the socio-economic movement of the migrant labour force and in doing so, will enable the relevant ministries to monitor the requirements of the labour market and economic diversification efforts and act accordingly, be it a recruitment drive or restricting the flow in inward labour migration (Hertog 2012:28; GulfBusiness, 2017). Each case also highlighted that this strategy would have significant socio-political implications because as highlighted throughout this thesis, the Kafala System is a central apparatus of the rentier bargain between the political and merchant elite and thus, a fundamental source of political legitimacy (Gray 2011:29; Hertog 2012:28). According to the late rentier model, this proposed strategy will jeopardise the support base supplied from the merchants towards the government and thus, for the long-term political survival of the ruling elite, they would only be able to remove minor red tape on business activities (Moore 2004:8,11; Gray 2011:33). Therefore, this strategy, although a solution that would eradicate the dubious employment practices previously discussed, it is a high stake measure that would prove too costly for those who seek to remain in power.

This issue is further reflected by another significant proposal raised in each case study, which is the abolishment of the system. Due to the Kafala facilitating human and labour rights abuse of the migrant workforce, there has been increasing international opposition to the system and calls for it to be completely abolished (Hertog 2012:28; Al-Arabiya, 2016). Across these states, abolishment has been on the agenda because in the case of Kuwait, it was proposed that the Kafala would be end by February 2012, but when the time actually came, the government only reformed one stipulation that made it easier for the migrant worker to transfer sponsorship (MFA 2012:1-3). Whilst in Saudi Arabia, as they have sought to participate in the global political economy and attain WTO membership, they should adhere to international conventions such as those focused on international labour rights (Gray 2011:26,35). This led many to believe that this would result in the abolishment of the Kingdom's dubious sponsorship system, but the Ministry of Labour responded to such reports by stating that they will not abolish the system but will continue to adopt it as the central governance strategy for their migrant workforce (Middle East Monitor, 2017). Whilst in Qatar, which was reported in the empirical chapters as influencing the future of other Kafala Systems in the Arabian Gulf, such as Kuwait, they have recently announced that they have 'abolished' the system and replaced it with a contract-based law (BBCNews, 2016a). This new governance strategy, according to the Qatari state, would be a more effective approach in regulating the migrant labour force, alongside protecting their human and labour rights throughout the whole migratory process (BBCNews, 2016a). Indeed, in closer inspection, it was evident that the new contract based system is fundamentally the same as the Kafala, but just re-branded with a different name (Al-Arabiya 2016; HumanRightsWatch, 2016).

Therefore, the late rentier states of Saudi Arabia, Kuwait and Qatar may be seeking to open up to the global political economy and adopt measures that appear responsive to socio-economic actors, both nationally and internationally, but these political economies are still fundamentally underpinned by rentierism (Gray 2011:28-29,36). The proposed abolition of the Kafala system exemplifies this, because despite international pressure to end the system, if the political elite want to maintain their legitimacy with the merchant elite and even the national citizenry, who view the sponsorship system as safeguarding their rights as a rentier citizen, then they cannot take such measures due to its strong socio-politically destabilising ramifications (Gray 2011:26). The continuation of the nationalisation policy, but more so the Kafala System, is vital to these late rentier states therefore, not because of

their capacity to restructure the labour market and contribute to the economic diversification process, but because they continue to be an apparatus of political legitimacy for the ruling elite, who continue to repackage and rewrite their old rentier pacts with society (Gray 2011:26,29,33).

8.6. Research Reflections

Throughout this thesis, it has sought to explore the transforming political economies of Saudi Arabia, Kuwait and Qatar. Situated within the late rentier model, the analysis particularly focused on identifying the emerging similarities and diverging trends of the late rentier political economies through the lens of the governance of the labour market. To successfully explore this issue, a comparative case study methodology was adopted, primarily because it allowed for quantitative and qualitative evidence to be accumulated from numerous data sources and in this study, elite interviews, policy documents, archival records and mass media reports provided the data. As noted in Chapter Four, drawing upon multiple sources was vital, because accessing relevant and reliable data and individuals is a major barrier to any Arabian Gulf focused research and therefore, obtaining information from a variety of sources was beneficial in constructing a comprehensive and robust narrative on the late rentier states of Saudi Arabia, Kuwait and Qatar.

Through conducting a policy analysis prior to the interviews, it provided a strong analytical foundation because it identified how the different labour markets have been regulated and how the stipulations have evolved over the oil development decades. Whilst exploring the new development Visions also highlighted the political elite's agenda for their respective countries and how they seek to diversify the national political economies towards a late rentier formation. As multiple data sources were adopted, the data extracted was conducive to constructing a comprehensive understanding of the economic and socio-political forces that have informed the current transformations taking place. Whilst the elite semi-structured interviews provided rich data on the policies in practice, because through discussing the issues with actors in the government, legal and private sector and international organisations, this constructed a robust account of the issues under investigation. Because due to their different position within the governance of the labour market, whereby some directly participated in the policy formulation process whilst others were responsible for the implementation, this provided varying perspectives. For example, in some instances, the views of the government officials were in opposition to the private sector actors, especially in regards to who informs the policies adopted and therefore, added to the analytical insight of the socio-political dynamics between the actors involved in the governance of the labour market.

Indeed, despite adopting a flexible methodological approach that advocated the use of multiple data sources, it was not without limitations. As discussed in Chapter Four, the main limitation surrounded the issue of access to both relevant data and individuals and with the 2011 Arab Spring, many additional barriers arose and brought into question the logistics of this research adopting interviews as a data gathering apparatus. Because many participants who I had arranged interviews with decided not to participate, which is ethically their prerogative. However, for this research to contribute primary data, of which was one of the desired contributions, I had to review the research design and seek other means of access. The first strategy adopted to re-open the access points was through the virtual meeting place, whereby the interviews were conducted over the Internet through the program 'WebEx'. Initially, I was apprehensive about having to conduct interviews through a screen, but as reflected upon in Chapter Four, this experience was extremely insightful. Because instead of discussing the governance of the labour market in an official's office, I found myself virtually in their

living room or in a café, where I was able to observe their response and behaviour in accordance to those around them. Whilst being a researcher, who is a white western female, I was also able to observe my own positionality in the interview process and experience how it changes based on the participants gender, ethnicity and socio-political profile. The virtual meeting place, therefore, provided an environment that was conducive to discussing issues related to the transforming governance of the labour market in three different GCC states, but also methodologically, whereby geographical and time barriers became irrelevant.

The second strategy of access surrounded the adoption of anonymity and the use of a pseudonym. Due to the socio-political sensitivity of the subject matter, I found that many elite individuals wanted to participate but felt they couldn't give a true account of their opinions due to it being potentially traced back to them. Therefore, through taking a blanket approach to anonymity, whereby all participants were given a pseudonym, it was evident during the interviews that they were confident in giving their true opinions, because their identity was protected. For example, when discussing the labour market policies and their 'success' in restructuring the labour market, numerous policy advisors to their respective governments noted how inefficient and irrelevant they were to the reality of the labour market and wider rentier based political economy. Whilst private sector actors confidently disclosed how they mediate around the stipulations of the nationalisation quotas and adopt rent seeking activities such as visa trading and phantom employment to maintain their economic productivity and competitiveness. Therefore, through adopting the virtual meeting place and pseudonyms out of necessity, this enabled access to relevant individuals, who offered their own personal account and contributed primary data to the narrative surrounding labour market governance and late rentierism.

Another limitation to the research, which was not as easily overcome, was the issue of limited official data availability and policy documentation. Due to the political sensitivity surrounding national unemployment, education and the overwhelming presence of migrant workers in the region, there is a dearth of official and publically available data. More so, with limited independent research on the subject matter, this often created gaps in information and data that would have proven beneficial to this study. Therefore, through adopting a mixed methodology, which drew upon multiple sources, a comprehensive narrative was constructed on the data that was available. Consequently, in any future research endeavour on this subject matter, it would be beneficial to conduct more elite interviews as the primary source of data. Whilst to contribute to the comparative aspect of the study, broadening the scope to other GCC member states such as Oman and the UAE would add to the narrative surrounding the emerging trends of the late rentier political economies of the GCC.

Finally, in reflecting upon the research process, one has to draw upon the implications of this thesis's contributions. As noted, the main objective was to contribute primary qualitative data to the narrative surrounding late rentierism in the Arabian Gulf. To do so, the governance of the labour market was selected as the focus point of analysis, because it is within this domain where the transforming role of the political elite, society, private sector and wider labour market can be observed. More so, as clearly exemplified within the development Visions explored in the final sections of the empirical chapters, the governance of the labour market is central in fulfilling each state's ambition of diversifying towards a post-oil dependent political economy. Therefore, through observing the governance of the labour market and how it is situated within the national Vision in three of the six GCC member states, this thesis has presented and contributed to the literature a comparative narrative based on primary qualitative data that has highlighted the similarities and diverging trends in the late rentier states of Saudi Arabia, Kuwait and Qatar.

8.7. Conclusion

The labour market is the domain of the political economy that is constructed by the historical formation of the state, economic, social and political forces and is therefore, informed by the national demographic profile, human capital, manpower availability, the dominant economic sectors and critically, the policies which are implemented to regulate the arena (Yousef 2004:2-4). This has been particularly evident in this thesis, which has sought to explore the transforming labour market governance structures in the case of Saudi Arabia, Kuwait and Qatar. Through adopting the late rentier model as the analytical framework, it provided the theoretical foundation for exploring these transitioning political economies and mapping their progress from being a rentier state of the 20th century to a late rentier formation of the 21st century. In exploring the policy formulation process, the policies of the Kafala and Nationalisation strategies which have been adopted to regulate the labour market, their success to date and how these issues are situated within the new national Visions, it is evident that these states are undergoing significant socio-political and economic transformations that they are no longer the oil dependent rentier states of yesteryear. With the governments being more responsive to business actors and society, especially the youth and female demographic, more actors are involved to varying degrees in the national political and policy domain, which is in stark contrast to their role in the classical rentier state structure (Foley 2010:103-109). Whilst with policies continually evolving, which has been particularly exemplified by the nationalisation strategies and new development Visions, these states have economic policies and a development agenda that seeks to end their oil rent dependency (Gray 2011:28). Indeed, there is no significant transition towards a full democratic regime, even in the parliamentary-based political economy of Kuwait, because neo-patrimonial networks continue to underpin the state-society interplay (Gray 2011:23-25). The culture of oil also continues to dominate the rentier citizen's socio-economic expectations of the state, whilst private sector actors still undertake rent-seeking activities to protect their socio-economic interests (Gray 2011:36). In conclusion, rentierism is still a fundamental dynamic in these political economies and will still be a significant feature of state-society interplay as they transform further into a late rentier formation (Gray 2011:36).

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